



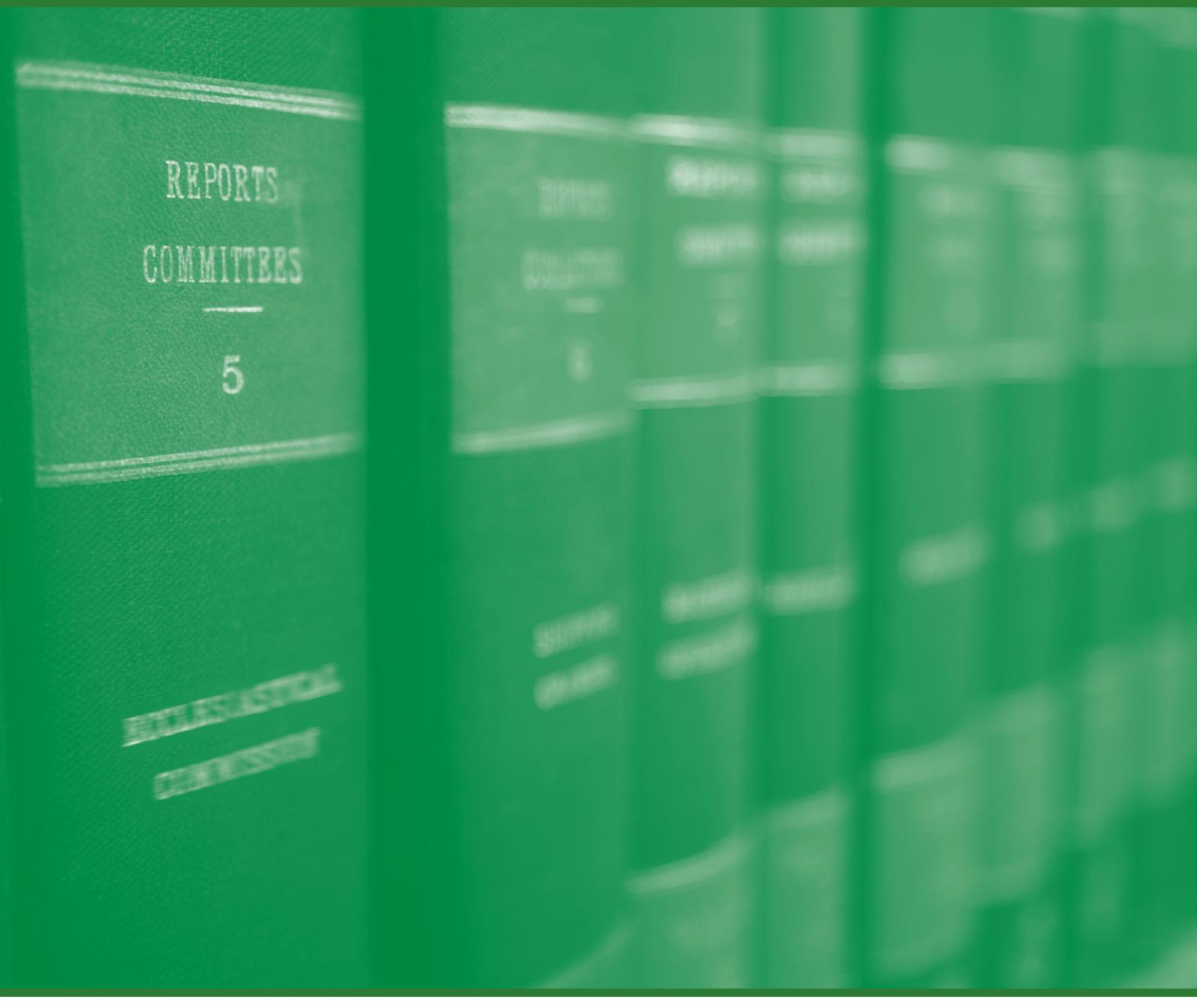
LEGISLATIVE ASSEMBLY OF NEW SOUTH WALES

Committee on Community Services

REPORT 2/55 – NOVEMBER 2013

OUTSOURCING COMMUNITY SERVICE DELIVERY

FINAL REPORT



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The motto of the coat of arms for the state of New South Wales is “Orta recens quam pura nites”. It is written in Latin and means “newly risen, how brightly you shine”.

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COMMITTEE ON COMMUNITY SERVICES

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Membership

| | |
|------------------------|--|
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Terms of Reference

That the Committee inquire into and report on the devolution and outsourcing of housing, disability and home care service delivery from the Government to the non-Government sector, with particular reference to:

- a) State Government processes, outcomes and impacts of transferring housing, disability and home care services from Government to non-Government agencies;
- b) The development of appropriate models to monitor and regulate service providers to ensure probity, accountability and funding mechanisms to provide quality assurance for clients;
- c) The development of appropriate levels of integration among service providers in rural and regional areas to ensure adequate levels of supply and delivery of services;
- d) Capability frameworks ensuring that community agencies are not overly burdened by regulatory constraints;
- e) Enhanced capacity building and social integration in the delivery of services by local providers;
- f) Future employment trends, expectations and pay equity for women employed in the non-Government sector;
- g) Incentives for private philanthropy in the funding of community services;
- h) The use of technology to improve service delivery and increase cost effectiveness;
- i) A comparison of the management and delivery of similar services in other jurisdictions;
and
- j) Any other related matters.

Chair's Foreword

Outsourcing, as a mechanism for governments to fund services closer to the ground, has been carried out since the early days of service provision. It is only more recently that the environment of outsourcing in the delivery of human services has gathered pace and now constitutes a significant part of the work of non-government service providers.

The Committee decided that a review of the current outsourcing system in the area of human service delivery was timely in order to assist service providers prior to the system bedding down and becoming more extensively developed. As part of the inquiry process, the Committee conducted extensive consultations with the NGO sector, service recipients and Government funding agencies contracting out services.

The Committee's consultation process, involving four days of public hearings and inspections of urban and rural service organisations, identified many issues of concern to clients, providers and funders. Many of these relate to the lack of collaborative consultation, the absence of comprehensive and consistent data on which to base decisions and issues surrounding accountability, workforce capacity, equity and access to services across the State.

A major change to existing arrangements, recommended by the Committee, constitutes a fundamental reordering of the current piecemeal approach to outsourcing and involves the creation of a NSW Office for the NGO human services sector. The establishment of this office, specifically dedicated to coordinate local activities across the sector, will facilitate consultation between funding agencies and service providers and assist in policy development, future planning, capacity building and information provision.

The Committee has also recommended greater consistency in the processes involved in applying for and awarding contracts for services. A mechanism for achieving better integration of contract requirements will be through the establishment of an interagency working group to investigate the true cost of providing services, improving services to remote and regional areas, examining the appropriateness of contract duration and the renewal of funding agreements.

These reforms build on earlier recommendations made in the Committee's Interim Report, which should be read in conjunction with this final Report.

It is important to stress that Government still has a role to play in being the funder and provider in communities where the Government is seen as the last resort. The Committee acknowledges that this is essential in those circumstances.

COMMITTEE ON COMMUNITY SERVICES

All Committee Members are committed to improving the quality of life for all recipients of services and the findings and recommendations contained in the Report should enhance the current delivery system and provide greater certainty for clients, service providers and funders alike.

The Government has a community service obligation to be ever vigilant and stay focussed on providing the best possible service to those in need.

Kevin Anderson MP
Chair

Executive Summary

The continuing process of outsourcing human service delivery to non-government organisations is now an established trend internationally, as well as in NSW and is likely to accelerate into the future. Indeed, in the period from 2000 to 2012, the NSW Department of Family and Community Services increased its funding to the non-government sector by 150%, from \$800M to \$2.3B.

In this context, the Legislative Assembly Committee on Community Services resolved in February 2012 to inquire into and report on the outsourcing of housing, disability and home care service delivery from the Government to the non-government sector in NSW, with a focus on its current status and with a view to providing guidance for its future evolution.

INQUIRY OUTCOMES

Overall, the Committee has found that the outsourcing of human service delivery to non-government organisations (NGOs) has resulted in a number of benefits and that NGOs with strong links to the community are ideally placed to achieve locally-responsive human service delivery.

However, the Committee also identified a range of issues that need addressing to ensure optimal service delivery into the future, ranging across delivery mechanisms and models, service integration, workforce issues, rural and remote disadvantage, philanthropy and technological innovation. These interrelated issues are expanded on throughout the Committee's Report.

This report should also be read in conjunction with the Committee's Interim Report, which canvassed broader reforms related to contract standardisation and data accessibility. The Interim Report, tabled in Parliament in August 2013, proposed an improved model of service delivery and more integrated and accessible data collection in advance of the more detailed findings contained in this, the Committee's final Report.

History of Outsourcing

Chapter Two charts the long history of outsourcing of service delivery by governments in Australia, and contains a comparative analysis of the experience in other jurisdictions. It also considers reviews already conducted in NSW that touch on this issue. Where applicable, the Committee has taken account of developments and lessons learned across jurisdictions, as well as the findings of previous NSW reviews, in formulating its recommendations.

The Chapter examines the current status of outsourced service delivery in NSW, noting the significant benefits of this approach as well as the challenges it presents. It also documents the dynamic and complex policy environment in which Governments and NGOs work to deliver human services, with a number of reforms taking place at the national and State levels. A major example is the recent introduction of the National Disability Insurance Scheme, which will have significant consequences for disability service providers.

The Committee has found that overall, outsourcing community service delivery to NGOs with strong community links is more likely to achieve locally responsive solutions than centrally-designed and administered Government services. Therefore, the Committee endorses the increasing trend of outsourced services delivery, while noting identified challenges to achieve the full benefits of this approach.

Service Delivery Mechanisms and Models

Chapter Three of the Report focusses on the importance of service quality factors in delivering increased outsourcing. The factors to be considered include: the need for better information and data sharing across service providers and funders; appropriate levels of auditing and accountability while avoiding the unnecessary red tape diverting service providers from their primary service delivery responsibilities; improved planning and coordination across the sector; and the encouragement of genuine partnerships between funders and providers.

The Chapter expands on the Interim Report's finding that consolidated, accessible data is essential to achieve service integration and quality outcomes for clients. The Interim Report recommended the establishment of a centralised database to map funding to all non-government human service providers across the State. The Committee builds on this by recommending that this database also contains all complaints data for funded services. Such information is essential to identify gaps in service provision and to effectively manage risks.

To further encourage accountability and probity with increased outsourcing, the Committee recommends that the NSW Auditor-General be given legislative authority to examine and audit the accounts of NGOs in receipt of Government funding. In addition, it makes recommendations to ease the reporting burden on service providers and to ensure funders do not impose undue restrictions on their general operations. In the Committee's view, these recommendations will increase the capacity of organisations to deliver quality services and encourage innovation.

Finally, in recognition of the increasingly important role of the non-government sector in human service delivery, it is important to formalise the partnership that already exists between funding bodies and service providers in NSW, and to better facilitate consultation in service planning and delivery. Therefore, the Committee recommends the establishment of a NSW Office for the NGO human services sector, along the lines of similar offices already existing in comparable jurisdictions.

Service Integration and Geographic Location

Chapter Four of the Report explores the particular circumstances and challenges encountered by people living in regional, rural and remote areas of NSW in seeking quality human services. The Chapter contains a number of recommendations that aim to ensure greater equity of service provision across NSW.

Throughout the Inquiry, evidence has reinforced the fact that services in smaller rural and remote communities of NSW tend to be sporadic or non-existent. This has prompted the Committee to recommend that the Government should continue to provide services directly where market gaps exist due to geography or for other reasons such as the complexity of particular clients' needs.

Gaps in service provision are compounded by the fact that it costs more to establish and operate a service in many non-metropolitan areas of NSW due to factors such as lack of infrastructure and because services have to operate across a larger geographic area, adding significantly to travel costs. Therefore, the Committee recommends that the Government investigates the true cost of providing human services in these areas, with a view to adjusting funding allocations if necessary.

Another significant recommendation contained in Chapter Four relates to the length of funding agreements for service delivery in regional, rural and remote communities. Difficulties in attracting staff, in addition to a reluctance to make a longer term commitment to a small, isolated community mean that community buy-in and partnerships are essential to make a real difference to clients' lives in these areas. Owing to these unique factors, the Committee recommends the Government gives special consideration to the length of contracts for the provision of human services in regional, rural and remote areas to ensure they reflect the length of time required to achieve agreed outcomes.

Finally, the Committee recommends the Government encourages consortia and bundling of services where possible in more isolated communities to help overcome concerns regarding economies of scale and to better integrate and coordinate responses to complex client needs.

The Chapter concludes by acknowledging the particular importance of quality service delivery to Aboriginal people, especially given their overrepresentation in the Family and Community Services system. While there is an overlap of issues concerning mainstream and Aboriginal service delivery, the latter presents an extra layer of complexity. The Committee is confident that its recommendations, if implemented, will have positive effects for all human service clients in NSW, including Aboriginal people, especially when combined with the important work the Government is already doing in the Aboriginal Affairs and other portfolios to specifically benefit Aboriginal people.

Workforce Issues

Chapter Five of the Report explores the nature of the community services sector workforce, employment trends, award provisions, other industry regulatory factors, and the role of volunteers. It acknowledges that a trained and competent workforce is essential to ensure quality service delivery to clients across NSW.

Workers in the community services sector are employed under the Social, Community, Homecare and Disability Services Industry Award 2010, introduced in January 2010 to consolidate the 40 different awards that previously applied to workers in the industry. From July 2012, all workers were required to be classified under this new Award and paid accordingly.

In addition, in June 2012, workers in the community services sector won a significant pay increase following a successful pay equity case launched by the Australian Services Union, before Fair Work Australia. Fair Work Australia decided sector salaries should rise by between 23 and 45 per cent. Several submissions to the Inquiry emphasised that the pay rises must be managed and funded appropriately by Government to avoid loss of jobs and/or service quality.

The Committee understands that State and Territory Governments across Australia are working with the Commonwealth on these funding arrangements and recommends the NSW

Government continues to work collaboratively with the Commonwealth Government to finalise the funding arrangements as a matter of urgency.

The Committee also acknowledges the vital contribution of volunteer workers to the human services sector in NSW and recommends that the Government includes a volunteer training component in the funding agreements it makes with NGOs for the provision of homecare, disability and housing services. It also recommends that volunteer training form part of the quality assurance mechanisms with which Government-funded NGOs are required to comply.

Philanthropic Funding

Chapter Six of the Report examines the role of philanthropy in the delivery of human services across NSW. While there has always been private investment in the delivery of social services, the nature of this contribution is evolving into one of partnership with Government to build sustainable services for the benefit of local communities.

The two main types of philanthropy identified in this area are charitable donations made to organisations, encouraged through taxation incentives, and the emerging use of social impact bonds. Social impact bonds involve investors providing capital to a bond-issuing organisation which has a contract with Government to deliver specific social services. The contract specifies benchmarks and outcomes that need to be achieved and the resultant cost savings flowing on to investors, providing a return on their initial monetary outlay.

The Committee supports the potential for greater utilisation of innovative philanthropic mechanisms to enhance service capacity across NSW and welcomes the opportunity for further partnerships to be struck between Government and the private sector. The Committee recommends that the NSW Government promotes the potential of social investment bonds in the delivery of home care, disability and housing services as part of a general strategy to encourage funding diversity and increased collaboration with the private sector.

Technology Innovation

In the final Chapter of the Report, the Committee explores the benefits of integrated technological systems for the outsourced delivery of housing, disability and homecare services in NSW. During the course of the Inquiry the Committee found that technology can greatly improve client interactions with service providers; contribute to more efficient and effective service provision; improve compliance and transparency across the sector; and assist with coordination and information sharing between Government and across services.

Indeed, in the view of the Committee, the future evolution of outsourcing will be dependent on access to sophisticated computer software programs and applications to: track service delivery and client satisfaction; directly communicate with funding bodies; meet accountability and compliance requirements; and provide general information to other service providers and clients about available services.

Given the importance of technology, the Committee recommends that the Government continues to develop interactive technology systems in the human services sector in consultation with non-government service providers; and that the Government develops a suite of software packages for use by non-government service providers that integrates

monitoring, reporting, compliance, information-sharing, and service coordination and cooperation.

CONCLUSION

The Inquiry has provided a timely opportunity to take stock of the current status of outsourced human service delivery in NSW, and to chart an appropriate course for the future. It is a pivotal time for human service agencies across NSW and if challenges can be met, significant opportunities can be seized. The Committee has formulated its recommendations with this in mind.

List of Findings and Recommendations

| | |
|---|-----------|
| RECOMMENDATION 1 | 26 |
| The Committee recommends that consultations between funding agencies and the NGO sector to determine the scope and targeting of service delivery contracts include discussions about the benefits of standardising the schedules attached to the funding agreements. | |
| RECOMMENDATION 2 | 30 |
| The Committee recommends that funding agencies do not impose undue restrictions on the general operations of service providers as a consequence of service contractual arrangements. | |
| RECOMMENDATION 3 | 32 |
| The Committee recommends that the centralised data system containing funding information for all service providers, already recommended by the Committee in its Interim Report, be extended to encompass a centrally coordinated and consistent complaints system enabling this information to be made available to all funding agencies. The structure and content of this complaints system should be developed in consultation with all service providers. | |
| RECOMMENDATION 4 | 32 |
| The Committee recommends that the Department of Family and Community Services investigates the implementation of a risk based approach to monitor and review community service organisations working with highly vulnerable clients at risk of institutional abuse. The monitoring and review process should include periodic unannounced inspections and reviews of organisational performance, the frequency of which should be based on the level of perceived risk, particularly focused on out of home care services for young children. | |
| RECOMMENDATION 5 | 34 |
| The Committee recommends that the NSW Department of Family and Community Services funds an independent empirical study into the service quality impacts of the contracting out of disability, home care and out-of-homecare services to for-profit organisations, before further involving the for-profit sector in provision of these services. | |
| RECOMMENDATION 6 | 35 |
| The Committee recommends that the NSW Auditor-General be given legislative authority to examine and audit the accounts of NGOs in receipt of government funding for the provision of housing, disability and home care services. | |
| RECOMMENDATION 7 | 35 |
| The Committee recommends that the Auditor-General reports annually on the accounts and activities of NGOs operating in the housing, home care and disability sectors. | |
| RECOMMENDATION 8 | 36 |
| The Committee recommends that the NSW Department of Family and Community Services examines the operation of the ‘intelligent commissioning’ model in the UK with a view to assessing its suitability for implementation in NSW. | |
| RECOMMENDATION 9 | 40 |

The Committee recommends that the Department of Premier and Cabinet establishes a NSW Office for the NGO human services sector to coordinate and facilitate consultation between funding agencies and service providers in the development of funding policies, the planning and delivery of services, capacity building within the sector and the provision of information across the sector.

RECOMMENDATION 10 _____ **46**

The Committee recommends that the Department of Premier and Cabinet, the Department of Family and Community Services and the NSW Ministry of Health form an NGO Service Delivery Working Group to investigate the cost of providing human services in regional, rural and remote areas of NSW, with a view to adjusting the funding allocation to these areas, if appropriate, and ensure equity of service provision across NSW. Particular regard should be paid to travel and staff-related costs and the potential of technology to assist to address challenges in these areas.

RECOMMENDATION 11 _____ **46**

The Committee recommends that the NGO Service Delivery Working Group investigates ways to make generic services in regional, rural and remote areas of NSW more accessible to special needs groups, such as people with a hearing impairment.

RECOMMENDATION 12 _____ **50**

The Committee recommends that the NSW Government continues to provide human services directly in all cases where there is significant risk of service failure to individuals or communities if such services are contracted out to non-government providers.

RECOMMENDATION 13 _____ **53**

The Committee recommends that the NGO Service Delivery Working Group should re-consider the length of funding agreements and contracts for provision of human services in regional, rural and remote areas of NSW, to ensure they reflect the length of time required to achieve agreed outcomes.

RECOMMENDATION 14 _____ **53**

The Committee recommends that the NGO Service Delivery Working Group also reviews guidelines to ensure that funding bodies make prompt and timely decisions about whether to renew funding agreements for human services, thereby minimising service instability and disruption.

RECOMMENDATION 15 _____ **53**

The Committee recommends that, where appropriate, to assist planning and evaluation of human services across NSW, especially in smaller communities, NGOs must supply data on each location where they provide services, regardless of the size of the location.

RECOMMENDATION 16 _____ **55**

The Committee recommends that the NSW Government actively encourages consortia arrangements and bundling of services among human services providers, where appropriate, in regional, rural and remote NSW.

RECOMMENDATION 17 _____ **55**

The Committee recommends that the NSW Government investigates expanding the use of regional coordinators across NSW to integrate human service provision at the local level, taking account of initiatives such as Ability Links.

RECOMMENDATION 18 _____ **66**

The Committee recommends that the Commonwealth and NSW Governments work together to ensure that the outcomes of the SCHCADS Award are implemented effectively and finalise the funding arrangements as a matter of urgency.

RECOMMENDATION 19 _____ **76**

The Committee recommends that all service contracts for not-for-profit home care, disability and housing providers recognise the role and contribution of volunteers, by incorporating a training component for volunteers as part of the funding formula.

RECOMMENDATION 20 _____ **76**

The Committee recommends that the provision of volunteer training also be incorporated in quality assurance mechanisms associated with funding contracts.

RECOMMENDATION 21 _____ **82**

The Committee recommends that the NSW Government consider the potential of social investment bonds, if any, in the delivery of home care, disability and housing services as part of a general strategy to encourage funding diversity and increased collaboration with the private sector.

RECOMMENDATION 22 _____ **92**

The Committee recommends that the NSW Government continues to develop interactive technology systems in the human services sector, where appropriate, as an investment in the sector’s capacity, rather than on a prescriptive, fee-for-service basis.

RECOMMENDATION 23 _____ **92**

The Committee recommends that the NGO Service Delivery Working Group consults with non-government service providers about the sector’s technological requirements into the future.

RECOMMENDATION 24 _____ **92**

The Committee recommends that as part of the consultation and planning process, the Department of Premier and Cabinet develops a suite of software packages for non-government human service providers. This software should be designed to integrate information sharing, service coordination and cooperation, and monitoring, reporting and compliance.

RECOMMENDATION 25 _____ **92**

The Committee recommends that software development take account of existing systems as identified to the Committee and the enhanced information technology systems recently implemented. It should also incorporate the lessons of other comparable jurisdictions that have invested in integrated technology.

List of Abbreviations

| | |
|---------|---|
| ADHC | Ageing, Disability and Homecare (NSW) |
| CPSA | Combined Pensioners and Superannuants Association |
| DChS | Department of Child Safety (Queensland) |
| DoC | Department of Communities (Queensland) |
| DSQ | Disability Services Queensland |
| FACS | The Department of Family and Community Services (NSW) |
| HACC | Home and Community Care (NSW) |
| ICAC | Independent Commission Against Corruption |
| IT | Information Technology |
| NADA | Network of Alcohol and Other Drugs Agencies |
| NCOSS | Council of Social Service of NSW |
| NDIS | National Disability Insurance Scheme |
| NGOs | Non-Government Organisations |
| PMF | Performance Monitoring Framework |
| SCHCADS | Social, Community, Home Care and Disability Services |

Chapter One – Introduction

- 1.1 This Chapter provides background on the Committee's appointment and the conduct of the Inquiry.

ESTABLISHMENT OF COMMITTEE

- 1.2 On 22 June 2011, the Legislative Assembly passed a resolution to appoint a Portfolio Standing Committee of five Members to be known as the Legislative Assembly Committee on Community Services.
- 1.3 The Committee is charged with portfolio responsibilities in the areas of: Health; Medical Research; Education; Mental Health; Healthy Lifestyles; Ageing; Aboriginal Affairs; Disability Services; Family and Community Services; Women; Citizenship and Communities; Western New South Wales; and Sports and Recreation.

RESOLUTION OF APPOINTMENT

- 1.4 Under its resolution of appointment, the Committee on Community Services is able to examine, inquire into and report on the following matters within its portfolio areas:
- (a) any matter referred to it by the House;
 - (b) any relevant policy, bill or subordinate legislation;
 - (c) any relevant financial matter; and
 - (d) any relevant portfolio issue.
- 1.5 As further outlined in the resolution, the Committee can examine specific financial matters and annual reports or other reports of any public body. The Committee may also consider any public works relating to its portfolio functions.
- 1.6 In addition to the possible referral of an inquiry by resolution of the House or in writing by a Minister, the Committee may, with the exception of scrutinising Bills, also initiate any inquiry on its own motion. Accordingly, on 22 February 2012, the Committee resolved to refer to itself an Inquiry into the outsourcing of service delivery from the Government to the non-government sector.

BACKGROUND TO THE INQUIRY

- 1.7 In determining the scope of its Inquiry, the Committee was alerted to an investigation by the Independent Commission Against Corruption (ICAC) into outsourcing of government services to the non-government sector. The major focus of the ICAC investigation involved corruption risks in the funding arrangements for human services agencies. In order to ensure that it was able to fully consider all relevant issues including those raised in the context of ICAC's parallel investigation, the Committee invited Dr Robert Waldersee, Executive Director, Corruption Prevention Division to give evidence at its final public hearing held on 2 April 2013.

SUBMISSIONS

- 1.8 The Committee invited submissions by advertising in the *Sydney Morning Herald* on 10 March 2012, with a closing date of 27 April 2012. A media release announcing the Inquiry and calling for submissions was placed on the Committee's website and distributed to media organisations. The Chair of the Committee also wrote to key stakeholders inviting them to make a submission and encouraging them to include information about the Inquiry in mail outs and newsletters to their broader membership base.
- 1.9 The Committee received 83 submissions from a wide cross section of the community including individuals, government departments, non-government service providers, the legal profession, the NSW Ombudsman, hospitals, and consumer advocacy groups. A complete list of submissions can be found at Appendix 1.

PUBLIC HEARINGS

- 1.10 Four public hearings were held at Parliament House on 3 September, 10 September and 17 September 2012 and on 2 April 2013, where fifty-six witnesses gave evidence. Lists of witnesses at each hearing can be found at Appendix 2. Extracts from the Minutes of the Committee's deliberative meetings and public hearings can be found at Appendix 3.

INSPECTIONS

- 1.11 On Monday 12 November 2012, the Committee undertook inspections of a number of service providers in metropolitan locations and conducted meetings with staff and clients of non-government organisations (NGOs) funded by the NSW Government to deliver human services on its behalf. These included Anglicare Community Care Centre at Mr Druitt; Sunshine Residential Care Centre at Parklea; and Sunshine Day Care Centre at Beaumont Hills.
- 1.12 On Monday 11 March 2013, the Committee travelled to Walgett and Narrabri to consult with a range of regional organisations providing outsourced services. The Committee was particularly keen to ensure that issues directly affecting service providers in rural and regional areas were taken into account as part of its investigations. This reflects the Inquiry's third term of reference, which requires the Committee to examine the integration and adequacy of supply and delivery of services from the point of view of the local communities themselves.

INTERIM REPORT

- 1.13 An Interim Report, proposing an improved model of service delivery and more integrated and accessible data collection was tabled on 13 August 2013. The issuing of the Interim Report enabled the Committee to flag two important future directions for the sector and to guide policy, in advance of the Committee's more detailed findings.
- 1.14 The Interim Report provides a structural basis for directing the future evolution of service delivery and should be read in conjunction with the findings and recommendations contained in this final Report.

Chapter Two – History of Outsourcing

- 2.1 This Chapter discusses the historical context of public sector outsourcing in Australia and provides a cross-jurisdictional comparison. It also describes the current status of outsourced delivery of housing, disability and homecare services in NSW, before commenting on future trends.

RATIONALE FOR OUTSOURCING GOVERNMENT SERVICE PROVISION

Definition of outsourcing

- 2.2 Public sector outsourcing or ‘contracting out’ is an arrangement under which an agency enters into a contract with an external provider to deliver goods and/or services which have previously been provided internally.¹
- 2.3 Public sector outsourcing is often, but not always, accompanied by a process of competitive tendering. That is, the agency selects the provider from a range of potential contractors by seeking tenders or bids and evaluates these on the basis of one or more selection criteria.²

Nature of services

- 2.4 Australia’s history of outsourcing dates back to the early days of European settlement when the British Government contracted with third parties to deliver convicts and supplies to the new colony.³
- 2.5 Since then, outsourcing has expanded significantly both in Australia and other Western nations (including the United Kingdom, the United States and New Zealand), particularly from the 1970s onwards. Areas of outsourcing include:
- infrastructure and construction: including the use of public/private partnerships for the building of schools, hospitals and roads
 - support services: including contracting out cleaning of government buildings, catering, building and equipment maintenance, waste management, mail services, printing, training, security and information technology
 - marketisation of government services: including the commercialisation of Australia Post and the privatisation of Telstra and certain prisons, and the creation of arm’s length Commonwealth bodies such as Centrelink and Medicare
 - policy contestability: Governments have increasingly sought policy advice outside the Public Service, such as from consultants.⁴

¹ Honor Figgis and Gareth Griffith, ‘Outsourcing in the Public Sector’, *NSW Parliamentary Research Brief 22/97*, p1.

² Honor Figgis and Gareth Griffith, ‘Outsourcing in the Public Sector’, p1.

³ Australian Public Service Commission, *Policy Implementation Through Devolved Government*, 2009, Australian Public Service Commission website, <http://www.apsc.gov.au>, viewed 2 August 2013, p5.

- 2.6 In the context of the Inquiry's terms of reference, Governments in Australia have a long history of funding non-government organisations (NGOs) to deliver a range of human services including education, health and social services.⁵

Philosophical underpinnings of outsourcing

- 2.7 The traditional justification for outsourcing and competitive tendering in the public sector is that these practices represent a switch towards market discipline. They involve a greater separation between the purchaser and provider and a formal contractual framework setting down performance measures (principally price and quality) which form the basis of the transaction.⁶
- 2.8 In short, according to this view, outsourcing leads to cheaper and better services through a provider/purchaser split and clear contractual specifications.
- 2.9 In support of this view, some submissions contend that a provider/purchaser split is highly desirable and that there is an inherent conflict of interest in Governments acting as funder, provider and regulator of the same service.⁷
- 2.10 In evidence at public hearings, Mr Scott Holz, State Manager of National Disability Services NSW indicated that:
- Government is best placed to both regulate and fund services and it is up to others to provide services.⁸
- 2.11 Calvary Silver Circle stated that outsourcing can lead to better services through competition between providers and by engendering greater client choice.⁹
- 2.12 Outsourcing is also said to allow public servants to concentrate on strategic policy-making rather than day-to-day operations and to limit financial risk to Government, due to lower levels of capital investment in the infrastructure needed to implement the outsourced services.¹⁰

Traditional role of non-government sector

Definition of the non-government sector

- 2.13 The non-government sector is diverse and made up of NGOs operating in many different areas, such as human rights, environment or human services. However, the term is usually associated with those organisations seeking social transformation and improvements in citizens' quality of life.
- 2.14 NGOs that provide housing, disability and homecare services in NSW are part of a sub-set of NGOs that rely primarily on government funding. In 2010, the Productivity Commission estimated that there were approximately 20,000

⁴ Australian Public Service Commission, *Policy Implementation Through Devolved Government*, p5; Honor Figgis and Gareth Griffith, 'Outsourcing in the Public Sector', pp2-3.

⁵ Australian Public Service Commission, *Policy Implementation Through Devolved Government*, 2009, p iii.

⁶ Honor Figgis and Gareth Griffith, 'Outsourcing in the Public Sector', p2.

⁷ Submission 31, Attendant Care Association, p 3; Submission 71, Association of Children's Welfare Agencies, pp2-3.

⁸ Mr Scott Holz, State Manager, National Disability Services NSW, Transcript of Evidence, 17 September 2012, p39.

⁹ Calvary Silver Circle, answers to questions taken on notice, 10 September 2012.

¹⁰ Honor Figgis and Gareth Griffith, 'Outsourcing in the Public Sector', p18.

Australian not-for-profit NGOs relying heavily on government funding, principally in the human services area.¹¹

- 2.15 Other sources of funding include client user fees, fundraising revenues, in-kind contributions (such as voluntary labour), investment revenue, and debt financing (in the case of community housing providers).¹²
- 2.16 These organisations are mission-focussed, existing to champion the needs of people who are disadvantaged, vulnerable and socially isolated¹³ and are typically not-for-profit (although in some cases for-profit entities are involved in the provision of housing, disability and homecare services).

Traditional role of the non-government sector

- 2.17 As previously described, involvement of the non-government sector in the provision of human services in Australia has deep historical roots. Whereas early Governments had little or no involvement in the delivery of such services, they provided the funding to enable NGOs to perform this role.
- 2.18 Eventually, a mix of service delivery methods evolved, with Commonwealth, State and NGO-delivered services¹⁴ provided alongside funded and unfunded NGO services.¹⁵
- 2.19 The Committee was told that the non-government sector has distinct advantages over Government in delivering human services, including:
- local knowledge: many NGOs are community-based with a long history in their community. This means they have a deeper understanding of the target group for their services.¹⁶ They can also connect people with their local community, thereby expanding their social networks¹⁷
 - better utilisation of resources: NGOs can access resources from many sources including funding, donations and volunteer time.¹⁸ They also have the ability to share resources and develop partnerships¹⁹
 - reduced red tape and increased flexibility: NGOs often have less formalised processes and less hierarchical structures than Government, enabling them to be more responsive to service users' needs²⁰
 - innovation: It is arguable that not-for profit NGOs can test new models for service more readily because of smaller organisational size and

¹¹ Productivity Commission, *Contribution of the Not-for-Profit Sector*, 2010, Productivity Commission website, <http://www.pc.gov.au>, viewed 2 August 2013, pxxv.

¹² Submission 56, NSW Government, p15.

¹³ Submission 56, NSW Government, p6.

¹⁴ Australian Public Service Commission, *Policy Implementation through Devolved Government*, 2009, p6.

¹⁵ Submission 56, NSW Government, p20.

¹⁶ Submission 71, Association of Children's Welfare Agencies, p3.

¹⁷ Submission 56, NSW Government, p1.

¹⁸ Submission 56, NSW Government, p1.

¹⁹ Submission 71, Association of Children's Welfare Agencies, p3.

²⁰ Submission 71, Association of Children's Welfare Agencies, p3.

because they are willing to take risks that Government or for-profit providers may consider too politically contentious or not profitable enough.²¹

- 2.20 Hence, while it is accepted practice for Governments to provide funding to NGOs under legally binding agreements (which set out terms and conditions under which the funding is supplied),²² the involvement of NGOs in human services delivery could be said to be as much for historical and logistical reasons as a desire to ensure market discipline.

For-profit versus not-for-profit providers

- 2.21 Some human services, particularly in the disability area, have been provided almost entirely by Government or not-for-profit NGOs with very little participation by for-profit providers.²³ However, the Inquiry encompasses for-profit involvement in the delivery of home and community care,²⁴ disability²⁵ and out of home care services.²⁶
- 2.22 Whereas not-for-profit providers are required to reinvest any money they make in the services provided, for-profit providers redirect profit to their shareholders, resulting in a profit motive rather than a mission focus.²⁷
- 2.23 In evidence to the Inquiry, Professor Peter Shergold pointed out that in some cases, the not-for-profit sector forms partnerships with the for-profit sector to provide human services.²⁸ Community housing providers, for example, may secure private investment in affordable housing.
- 2.24 Alternatively, in what is known as the social benefit bonds model, private investors fund service providers to deliver improved social outcomes. If the outcome is achieved, the investor makes a profit on their investment. A trial of such bonds is currently taking place in NSW in the areas of out-of-home care and reducing re-offending.²⁹ This is discussed further in Chapter Six of the Report.

COMPARATIVE ANALYSIS OF OUTSOURCING IN OTHER JURISDICTIONS

- 2.25 The increasing trend to outsourcing government services in Australia since the 1970s has been guided by a number of national and State-level reviews. A direct

²¹ Submission 71, Association of Children's Welfare Agencies, p3.

²² Submission 56, NSW Government, p30.

²³ Mr James Longley, Chief Executive Ageing Disability and Homecare, Transcript of Evidence, 3 September 2012, pp 8-9.

²⁴ Ms Melinda Paterson, Development Officer, Southern Community Care Development Inc., Transcript of Evidence, 10 September 2012, p24.

²⁵ Ms Tracy McMillan, Transcript of Evidence, 10 September 2012, p13.

²⁶ Mr James Moore, Director General of the Department of Family and Community Services, Transcript of Evidence, 3 September 2012, p10; Public Service Association of NSW, 'Outsourcing out-of-homecare won't fix child protection system' 12 July 2012, Public Service Association of NSW website, <http://www.psa.asn.au>, viewed 2 August 2013.

²⁷ Mr Grant Millard, Chief Executive Officer, Anglicare Sydney, Transcript of Evidence, 10 September 2012, p37; Submission 65, Combined Pensioners and Superannuants Association, p3.

²⁸ Professor Peter Shergold, Transcript of Evidence, 2 April 2013, p60.

²⁹ NSW Treasury, http://www.treasury.nsw.gov.au/site_plan/social_benefit_bonds, viewed 2 August 2013.

comparison of the approach taken in each jurisdiction is complicated by varying levels of internal complexity and a number of differences in matters such as procurement processes, service standards and monitoring arrangements across jurisdictions.

2.26 Nonetheless, reviews and policy developments across jurisdictions to date reveal common themes, including:

- the need for Governments to balance accountability, performance and public confidence in NGOs that are entrusted with public money to provide services. This is combined with a desire to reduce the administrative and cost burdens placed on these NGOs, while providing adequate scope to innovate and apply locally-designed methods to achieve agreed service outcomes
- the need for Governments to foster collaborative partnerships with NGOs, not highly prescriptive contractual relationships
- the need for Governments to pay a fair and appropriate price for the services it purchases from NGOs and for contract periods to reflect the amount of time required to achieve agreed outcomes
- the need for Governments to choose the most appropriate model for engaging with service providers, having regard to the circumstances of the service being delivered, and to adopt alternative, non market-based approaches, where necessary
- the need for better resource allocation to address service gaps through greater transparency and better data sharing arrangements
- the need to build capacity in the NGO sector including in governance, leadership and workforce training.

2.27 An outline of reviews and policy developments to date across Australia and in the United Kingdom follows. The Committee has taken common themes, recommendations and developments across jurisdictions into account where applicable to formulate its recommendations throughout this Report.

Commonwealth

Early reviews

2.28 A change in Australia's approach to public sector management at the Commonwealth level began in the 1970s, with the 1976 recommendations of the Coombs Royal Commission on Australian Government Administration, which called on the Australian Public Service to improve its efficiency and effectiveness.³⁰

2.29 The move towards competition in the public sector was then reinforced in subsequent government reports. For example, the Hilmer Report of 1993 into

³⁰ Honor Figgis and Gareth Griffith, 'Outsourcing in the Public Sector', p5; Herbert Cole Coombes and others, *Royal Commission on Australian Government Administration Report*, Commonwealth of Australia, 1976.

National Competition Policy, later adopted by the Council of Australian Governments, recommended the grant of third party access to nationally significant infrastructure, and the introduction of competitive neutrality so that government businesses would no longer enjoy unfair advantages.³¹

- 2.30 Similarly, the former Industry Commission's 1995 report on Charitable Organisations in Australia and its 1996 report on Competitive Tendering and Contracting by Public Sector Agencies argued that all government activities should potentially be subject to competitive tendering, unless they could be shown to be core operations.³²
- 2.31 Finally, in 1998, in a climate of increased outsourcing of government services, the House of Representatives Standing Committee on Family and Community Affairs delivered its report *What Price Competition?*
- 2.32 This report was the first to examine the desirability of increased outsourcing and competitive tendering of welfare service delivery. It stressed the need for Governments to remain accountable for efficient and effective delivery of outsourced services; to ensure service agreements explicitly outline the price to be paid for specific outcomes; and to apply a risk-based approach to reporting requirements (such as less reporting for small grants, more for larger grants).³³ These issues are still alive today.

Recent reviews

- 2.33 In 2009, the Australian Public Service Commission published a paper on *Policy Implementation Through Devolved Government*. This paper stressed the need to balance accountability, performance and public confidence in NGOs while allowing for innovation and locally designed solutions to meet citizens' needs.³⁴
- 2.34 Subsequently, in 2010, the Productivity Commission published a report on its inquiry into the *Contribution of the Not-For-Profit Sector*. The Commission found that the move to a market-based approach to procurement and funding of human services in Australia had not been to the overall detriment of the community.
- 2.35 It also concluded that purchase of service contracting had been applied in situations where other models would have been more appropriate, and that there was considerable scope for Governments to address specific issues with the application of such contracting. The Commission made the following recommendations:
- Australian Governments should ensure that they choose the model of engagement with not-for-profit organisations that best suits the characteristics and circumstances of the service being delivered

³¹ National Competition Policy website, <http://ncp.ncc.gov.au>, viewed 22 July 2013.

³² See discussion in House of Representatives Standing Committee on Family and Community Services, *What is Price Competition?*, Parliament of the Commonwealth of Australia, June 1998, pxi.

³³ House of Representatives Standing Committee on Family and Community Services, *What Price Competition?*, pp xviii-xxi.

³⁴ Australian Public Service Commission, *Policy Implementation Through Devolved Government*, piii.

- where a market-based approach is not feasible or appropriate, Governments should use other models of engagement. This may involve entering into extended-life or short-term joint ventures
- Australian Governments should ensure that whatever model of engagement is used to underpin the delivery of services, it must be consistent with the overarching principle of obtaining the best value for money for the community
- the length of service agreements and contracts should reflect the length of the period required to achieve agreed outcomes, rather than having arbitrary or standard contract periods
- when entering into service agreements and contracts for the delivery of services, Government agencies should develop an explicit risk management framework in consultation with providers
- Australian Governments should urgently review and streamline their tendering, contracting, reporting and acquittal requirements in the provision of services to reduce compliance costs and seek to ensure that the compliance burden is proportionate to the funding provided and risk involved
- Australian Governments should determine and transparently articulate whether they are fully funding particular services or activities undertaken by not-for-profit organisations
- Australian Governments should fully fund those services that they would otherwise provide directly (allowing for co-contributions from clients and any agreed contributions by service providers)
- Australian Governments funding service provision or making grants should respect the independence of funded organisations and not impose conditions associated with the general operations of the funded organisation, beyond those essential to ensure the delivery of agreed funding outcomes.³⁵

2.36 In 2010, the Commonwealth Government also established the Office of the Not-for-Profit Sector to promote engagement between Government and not-for-profit organisations and to coordinate policy reform in this area. This includes improving funding and procurement processes, workforce issues and reducing red tape.

Victoria

2.37 In 2008, the Victorian Government published the *Victorian Government's Action Plan: Strengthening Community Organisations*. The Action Plan responded to recommendations of the State Services Authority's *Review of Not-for-Profit Regulation* (2007) and the Steering Committee Report of the *Stronger Community Organisations Project* (2007). The Plan contained 25 points aimed at reducing red

³⁵ Productivity Commission, *Contribution of the Not-for-Profit Sector*, pp315-16.

tape and building the capacity and long term sustainability of community organisations.

- 2.38 The Government also established the Office of the Community Sector (within the Department of Planning and Community Development, which later moved to the Department of Human Services) to implement the Action Plan and to coordinate and implement policy affecting the sector across the whole of the Victorian Government.
- 2.39 Since then, the Victorian Government has implemented a common funding agreement used by all Victorian Government departments that fund not-for-profit community organisations to deliver services and projects.³⁶
- 2.40 The Victorian Department of Human Services has also introduced a single set of quality standards to cut red tape for community service organisations funded by the Department of Human Services.³⁷ In addition, Victoria has a Human Services Partnership Implementation Committee, made up of representatives from the Department of Human Services, the Department of Health, and peak bodies in the community sector. It promotes consultation and engagement between Government and the community sector.³⁸
- 2.41 In 2010, the Victorian Auditor-General also published the report *Partnering with the Community Sector in Human Services and Health*, which included the following recommendations:
- government departments should align service agreements more closely with partnership principles
 - government departments should hold annual ‘whole of agreement meetings’ with community organisations to review performance and whether funded activities are meeting client needs, and use this information in service planning³⁹
 - government departments should give priority to further reducing the data reporting and accreditation requirements burden on community organisations
 - government departments should recognise the costs incurred by community organisations when reviewing and adjusting unit prices and other funding mechanisms.⁴⁰

³⁶Victorian Department of Planning and Community Development, <http://www.dpcd.vic.au/communitydevelopment/community-sector>, viewed 2 August 2013.

³⁷ Victorian Department of Human Services, *Annual Report 2010-11*, Victorian Department of Human Services website, <http://www.humanservices.gov.au>, viewed 2 August 2013, p23.

³⁸ Victorian Department of Human Services, <http://www.dhs.vic.gov.au/for-service-providers/service-partnerships-and-coordination>, viewed 2 August 2013.

³⁹ Victorian Auditor-General, *Partnering with the Community Sector in Human Services and Health*, 2010, Victorian Auditor-General’s Office website, <http://www.audit.vic.gov.au>, viewed 2 August 2013, p7.

⁴⁰ Victorian Auditor-General, *Partnering with the Community Sector in Human Services and Health*, p21.

- 2.42 Dr Robert Waldersee of the Independent Commission Against Corruption (ICAC), advised the Committee that Victoria uses a unit pricing model in the outsourcing of human services delivery, to encourage innovation among service providers.
- 2.43 In this system, the Government advises prospective providers of the fixed price it will provide in order to have a service delivered. Tender applicants are then required to demonstrate how they will achieve deliverable outcomes within the fixed price constraints. In this way, innovation in service delivery is left with the provider, rather than being prescribed by Government.⁴¹

Queensland

- 2.44 In May 2007, the Queensland Auditor-General presented a report to Parliament on the management of funding to NGOs.⁴² The audit examined the frameworks and systems used by the Department of Communities (DoC), Department of Child Safety (DChS) and Disability Services Queensland (DSQ) to shape and sustain their relationships with NGOs. The Auditor-General found:
- there was no whole-of-government framework or coordinated approach to funding and maintaining relationships with the NGO sector
 - there was enormous scope for greater collaboration and movement towards common standards, and for a reduction in red tape and compliance activities
 - there was scope for greater transparency and public reporting of funding to the NGO sector
 - there was a need for the objectives of programs to be clearly defined to improve accountability, and for a risk-based approach to be applied.⁴³
- 2.45 The Queensland Auditor-General made recommendations to improve the measurement and aggregation of NGO service delivery performance and financial information, including:
- development of business rules for capture of NGO performance and financial data at each department
 - development of supporting cross functional IT systems to aid in the collection and analysis of performance and financial data
 - use of performance and financial information at DoC and DSQ to aid planning to address service gaps and resource allocation, with further use of this information for increased evaluation of programs and services recommended at all three departments

⁴¹ Dr Robert Waldersee, Executive Director Corruption Prevention, Independent Commission Against Corruption, Transcript of Evidence, 2 April 2013, p50.

⁴² Queensland Auditor-General, *Results of Performance Management Systems Audit of Management of Funding to Non-Government Organisations*, Report 2 of 2007, Queensland Audit Office website, <http://www.qao.qld.gov.au/Reports-archive>, viewed 2 August 2013.

⁴³ Queensland Auditor-General, *Results of Performance Management Systems Audit of Management of Funding to Non-Government Organisations*, pp7-8.

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- increased transparency and public disclosures.⁴⁴

- 2.46 Following the Auditor-General's report, the Queensland Government launched the *Queensland Compact: Towards a Fairer Queensland* in November 2008. The Compact set out the expectations and commitments to assist the Government and non-profit community services sector to work together.
- 2.47 The Compact's goals are to build strong working relationships; improve engagement in planning and policy; improve the sector's capacity and sustainability; and to continue to improve service quality and innovation. Its implementation is overseen by a Compact Governance Committee comprising five government representatives, five sector representatives and an independent Chair.⁴⁵
- 2.48 The latest version of the Compact's Action Plan (2008-12) sets out the key actions to be taken to deliver the Compact's goals. For example, to improve engagement in planning and policy, the Action Plan contains strategies to improve sharing of data and information between Government and the sector and to improve the sector's capacity and sustainability. Additionally, the Action Plan contains strategies to reduce administrative duplication, compliance costs and unnecessarily prescriptive funding agreements.⁴⁶
- 2.49 Moreover, as part of the Queensland Government's *Regulatory Simplification Plan 2009-13*, the Department of Communities, Child Safety and Disability Services has developed its own Regulatory Simplification Plan. The latest version, published in February 2012, aimed to reduce the compliance costs for businesses (including NGOs), the community and the Department by \$10 million by July 2013.⁴⁷
- 2.50 The priorities of the Department's latest Regulatory Simplification Plan included implementing the Human Service Quality Framework as a single framework for the Department to administer instead of six different sets of quality standards; and transitioning funded non-government service provision from an input to an output model (thereby clearly defining the activities or services purchased by the Department and the level of funding required).⁴⁸
- 2.51 Finally, since the launch of the *Strengthening Non-Government Organisations Strategy* in 2005, the Queensland Government has implemented a number of its initiatives. The strategy focusses on building capacity among funded NGOs to

⁴⁴ Queensland Auditor-General, *Results of Performance Management Systems Audit of Management of Funding to Non-Government Organisations*, p 8.

⁴⁵ Queensland Department of Communities, Child Safety and Disability Services, <http://www.communities.qld.gov.au/communityservices/about-us/corporate-plans/queensland-compact-towards-a-fairer-queensland>, viewed 7 August 2013.

⁴⁶ <http://www.communities.qld.gov.au/communityservices/about-us/corporate-plans/queensland-compact-towards-a-fairer-queensland>, viewed 7 August 2013.

⁴⁷ <http://www.communities.qld.gov.au/communityservices/about-us/corporate-publications/queensland-regulatory-simplification-plan>, viewed 7 August 2013.

⁴⁸ <http://www.communities.qld.gov.au/communityservices/about-us/corporate-publications/queensland-regulatory-simplification-plan>, viewed 7 August 2013.

enable the provision of high-quality community and disability services.⁴⁹ These initiatives include:

- an Online Acquittal Support Information System Grants Tool to make it easier and faster for NGOs to comply with reporting obligations
- a Community Door website which is a ‘one-stop-shop’ providing information, tools and resources to help NGOs with their daily operations
- shared and Collaborative Arrangements which create opportunities for NGOs to form partnerships and share resources to build their capacity to provide services
- workforce development initiatives for NGOs to build the capacity of their staff, volunteers, management committees and boards.⁵⁰

South Australia

- 2.52 In 2009, the *Stronger Together* partnership was established between the South Australian Government and South Australian Council of Social Services (as the peak body in the health and community services sector). The partnership aims to promote collaboration in community and health services in policy development, service planning and development, and funding and contracting arrangements.⁵¹
- 2.53 The South Australian Department for Communities and Social Inclusion has also implemented a quality improvement program, which incorporates internationally accredited community service standards (the Australian Service Excellence Standards) to support NGOs in the community services sector to improve their business systems, management practices and service delivery.⁵²
- 2.54 In addition, the South Australian Government has worked on strengthening its relationship with not-for-profit organisations in recent years by implementing the following practices:
- joint oversight management of service outcomes
 - detailed partnership arrangements
 - longer term funding arrangements
 - joint development of service models and standards

⁴⁹ <http://www.communities.qld.gov.au/communityservices/community-support/strengthening-non-government-organisations-ngos/about-the-strategy>, viewed 7 August 2013.

⁵⁰ <http://www.communities.qld.gov.au/communityservices/community-support/strengthening-non-government-organisations-ngos/key-initiatives>, viewed 7 August 2013.

⁵¹ South Australian Department for Communities and Social Inclusion, <http://www.dcsi.sa.gov.au/services/community-development/stronger-together-agreement>, viewed 2 August 2013.

⁵² <http://www/dcsi.sa.gov.au/community-development/australian-service-excellence-standards>, viewed 2 August 2013.

- improving governance arrangements
- greater levels of accountability and risk management
- staff retention and training.⁵³

Western Australia

- 2.55 In October 2009, an independent Economic Audit Committee, comprising senior economic and public sector management specialists, published its final report *Putting the Public First* following a wide-ranging review of the Western Australian public sector.
- 2.56 Chapter Three discussed the outsourcing of community services, noting the outsourced services were too often managed by contracts, not ongoing partnerships.⁵⁴ The WA Committee also noted that the community sector should be encouraged to innovate (and not be hamstrung by unnecessary red tape), as it is well placed to respond naturally, at the local level, to changing client needs.⁵⁵ The WA Committee recommended that the Government:
- negotiate with the community sector a set of principles to facilitate government-community sector partnership in the delivery of human services⁵⁶
 - replace the Funding and Purchasing Community Services Policy with a new “Collaboration for Community” policy that outlines a range of different contractual and funding relationships and provides guidance on application and management of these relationships⁵⁷
 - reduce red tape by permitting subcontracting and consortia arrangements; implementing a three-year pre-qualification process for community sector organisations; developing standard core contractual conditions, documentation and reporting to be utilised by government agencies; and moving to longer contractual terms where appropriate⁵⁸

⁵³ South Australian Government submission to Productivity Commission Inquiry into the Contribution of the Not-For-Profit Sector, 2010, Productivity Commission website, <http://www.pc.gov.au/projects/study/not-for-profit/submissions>, viewed 2 August 2013, p33.

⁵⁴ Western Australian Economic Audit Committee, *Putting the Public First: Partnering with the Community and Business to Deliver Outcomes*, Final Report, October 2009, Western Australian Department of Premier and Cabinet website, <http://www.dpc.wa.gov.au>, viewed 2 August 2013, p 54.

⁵⁵ Western Australian Economic Audit Committee, *Putting the Public First: Partnering with the Community and Business to Deliver Outcomes*, p75.

⁵⁶ Western Australian Economic Audit Committee, *Putting the Public First: Partnering with the Community and Business to Deliver Outcomes*, p66.

⁵⁷ Western Australian Economic Audit Committee, *Putting the Public First: Partnering with the Community and Business to Deliver Outcomes*, p67.

⁵⁸ Western Australian Economic Audit Committee, *Putting the Public First: Partnering with the Community and Business to Deliver Outcomes*, p70.

- establish a grants program to promote social innovation in the delivery of human services by community organisations.⁵⁹

2.57 Following the report, the Western Australian Government introduced a number of reforms including:

- additional funding of \$600 million over 4 years, in the 2011-12 budget, to support a sustainable not-for-profit sector and ensure that Government pays a fair and appropriate price for the services it purchases from the not-for-profit sector
- establishment of a Partnership Forum comprising senior representatives from Western Australian Government agencies and the not-for-profit community sector to foster a genuine partnership in the policy, planning and delivery of community services
- introduction of the Delivering Community Services in Partnership Policy to ensure the not-for-profit sector can be more flexible and responsive in the way it delivers services, including less onerous reporting requirements and standardising contracting practices across agencies
- a Social Innovation Grants Program for not-for-profit organisations to develop and trial new ways of delivering human services to deliver better outcomes.⁶⁰

Tasmania

2.58 The Department of Health and Human Services established the Office for the Community Sector in 2008. It had a range of functions including provision of strategic leadership to develop the community sector and working across Government and with NGOs to increase the effectiveness of the community sector.⁶¹

2.59 In 2009, the Office developed the Quality and Safety Standards Framework for Tasmania's Agency Funded Community Sector 2009-12. The standards were divided into two categories, namely generic standards that apply to every community sector organisation regardless of the service provided and service specialist standards that reflect the type of service provided.

2.60 In early 2012, changes within the Department of Health and Human Services prompted the establishment of a new Community Sector Relations Unit, which took over some of the functions of the former Office for the Community Sector. It has developed a three tiered governance structure to work with the Tasmanian community sector and to manage service delivery, comprising the following:

⁵⁹ Western Australian Economic Audit Committee, *Putting the Public First: Partnering with the Community and Business to Deliver Outcomes*, p76.

⁶⁰ Western Australian Government Partnership Forum, <http://www.partnershipforum.dpc.wa.gov.au>, viewed 2 August 2013.

⁶¹ Tasmanian Office for the Community Sector, *People Working in Partnership Strategic Plan 2008-10*, Tasmanian Department of Health and Human Services website, <http://www.dhhs.tas.gov.au>, viewed 2 August 2013.

- Peaks Network and Government – Strategic Forum which is comprised of representatives of peak organisations covering a broad spectrum of the health and human services sector and representatives from the Department of Premier and Cabinet and the Department of Health and Human Services. It provides an opportunity for Government and the community sector to work in partnership on strategic issues in areas including regulation, government policy, and implementation of a Partnership Agreement between the community sector and the Government, and workforce development
- the Department of Health and Human Services Program Managers Group, which is an internal strategic committee focussed on program policy and service development, and alignment across programs
- the Department of Health and Human Services Funding Agreement Managers Network, which is an internal network of contract managers who are responsible for day-to-day liaison with community organisations. It aims to develop a more consistent and streamlined approach to contract management.⁶²

2.61 Like Victoria, Tasmania also adopts a unit pricing funding model for the provision of some human services. In March 2011, the Department of Health and Human Services received a report from KPMG which recommended that disability, family support and out of home services move to a unit pricing funding framework. Hence, implementation of the Resource Allocation and Unit Pricing Framework began in January 2012, and is expected to take three years. It aims to promote equity between the regions and define payments to service providers for delivery of services.⁶³

United Kingdom

- 2.62 In 2008, the House of Commons Public Administration Select Committee published a report entitled *Public Services and the Third Sector: Rhetoric and Reality*. The Report noted that Government is commissioning an increasing amount of public service delivery from the ‘third sector’ that is, charities, other not-for-profit organisations and social enterprises.⁶⁴
- 2.63 The Report called for ‘intelligent commissioning’ of such services by Government, stressing that commissioning should be based on knowledge of potential providers and of desired outcomes, given user needs. Commissioners should be able to decide whether contracts or grants are the right way to fund a service, how important price should be in determining who wins a contract and whether there is scope for innovative methods of delivery. The Report also indicated that unnecessarily short-term contracts were an example of unintelligent

⁶² Tasmanian Department of Health and Human Services website, http://www.dhhs.tas.gov.au/about_the_department/business/community_sector_relations_unit, viewed 2 August 2013.

⁶³ http://www.dhhs.tas.gov.au/disability/projects/resource_allocation_and_unit_pricing, viewed 2 August 2013.

⁶⁴ House of Commons Public Administration Select Committee, *Public Services and the Third Sector: Rhetoric and Reality*, Eleventh Report of Session 2007-08, The Stationery Office Limited, London, 9 July 2008, p3.

commissioning. In addition, the Report called for the collection of much firmer evidence on the impact that third sector delivery of services is having.⁶⁵

- 2.64 The government response endorsed the Committee's views on intelligent commissioning, citing a government investment of £1 million a year on a National Programme for Third Sector Commissioning to improve the practice of up to 3000 public sector commissioners. The response also acknowledged a need for a more robust evidence base around the impact of third sector delivery of services, noting that the Government had invested £5 million in a new third sector research centre led by Birmingham University.
- 2.65 In additional evidence to the current Legislative Assembly Committee on Community Services Inquiry, ICAC indicated that in 2011, the Scottish Government awarded grants to enterprising organisations in the third sector with sustainable and ambitious business plans.

Conclusion

- 2.66 Most issues identified by other jurisdictions in the area of public sector outsourcing have been identified and confirmed in the course of the Committee's own Inquiry. It is apparent that the conclusions reached by comparable jurisdictions align with trends expressed in evidence received by the Committee and provide a clear path to prospective service delivery arrangements. Consequently, as stated previously, the Committee has taken recommendations and developments in other jurisdictions into account in formulating its own recommendations, as appropriate.

CURRENT STATUS OF OUTSOURCED SERVICE DELIVERY OF HOUSING, DISABILITY AND HOMECARE

- 2.67 The Department of Family and Community Services (FACS) is the main government funder of the services that fall within the Inquiry's terms of reference. FACS encompasses the divisions of Ageing, Disability and Homecare (ADHC); Housing NSW; the Aboriginal Housing Office; and Community Services.
- 2.68 In 2011/12 FACS directed approximately \$2.3 billion to the non-government sector, about 45% of its budgeted expenditure. The NSW Ministry for Health also provides funding through its NGO Program and ad hoc grants for various NGO-delivered services, including housing and home and community care.⁶⁶
- 2.69 Below is an outline of services within the Inquiry's terms of reference and commonly outsourced by the NSW Government.

Disability Services

- 2.70 ADHC administers a number of programs which provide support to people with disability, including: personal care assistance for those living at home; everyday living support through therapy, community nursing and case management; respite care for people with disability and their carers; and accommodation

⁶⁵ House of Commons Public Administration Select Committee, *Public Services and the Third Sector: Rhetoric and Reality*, p3.

⁶⁶ Submission 56, NSW Government, p6.

support (such as group homes that are staffed by disability workers and provide support to people who are unable to live independently or with their families).⁶⁷

Home and Community Care

2.71 Home and community care services are services administered under ADHC's Home and Community Care (HACC) Program to help older people and people with a disability (who do not receive a similar service through any other program) to remain in their own home and prevent their unnecessary or premature admission to residential care. Examples include assistance with household chores, health and personal care, transport and home maintenance and modification.⁶⁸

Out-of-Home Care

2.72 The Out-of-Home Care Program, administered by Community Services, provides care to children and young people who are not able to live at home safely because they have experienced significant harm, are at risk of abuse, or their families are unable to care for them because of disability, drug and alcohol abuse, domestic violence or mental illness.

2.73 NGOs involved in this program provide placement or accommodation and support services to children and young people, authorised carers, and families. These services may range from temporary crisis care to long term permanent care including foster care, residential care, and individualised arrangements.

2.74 Each child or young person is also supported by a caseworker from Community Services or a funded NGO. The caseworker helps provide access to the most appropriate services, including 'wraparound' support services such as psychological or counselling services, and health and education services.

Housing

2.75 Housing NSW directly provides and manages long-term subsidised rental housing for those most in need that is, public housing. However, over the last 30 years, the NSW Government has also promoted the growth of community housing.⁶⁹

2.76 Community housing is rental housing provided for low to moderate income or special needs households, and managed by community-based organisations whose operations have been subsidised by Government. The housing stock may be government owned, owned by the organisations themselves, owned by the private sector, or owned by a partnership or combination of all three.⁷⁰

2.77 Community housing organisations undertake varied functions including: tenancy management (including maintaining waiting lists and allocating housing);

⁶⁷ NSW Government Ageing, Disability and Homecare, <http://www.adhc.nsw.gov.au/individuals/support>, viewed 24 July 2013.

⁶⁸ http://www.adhc.nsw.gov.au/individuals_help_at_home/home_and_community_care_services, viewed 24 July 2013.

⁶⁹ Mr Adam Farrar, Executive Director, NSW Federation of Housing Associations, Transcript of Evidence, 10 September 2012, p42.

⁷⁰ Productivity Commission, *Contribution of the Not-for-Profit Sector*, Appendix I "A Case Study of Social Housing" p1-2.

community development (including implementing strategies to develop community within properties); securing private investment in affordable housing; and housing development (including construction of affordable housing).⁷¹

- 2.78 There is also a distinct, indigenous-controlled housing system in NSW and while much of it is managed directly by Housing NSW, there are a number of Aboriginal community-based housing providers, administered by the Aboriginal Housing Office.⁷²

Policy environment for Housing, Disability and Homecare Services in NSW

- 2.79 The policy environment in which Governments and NGOs work to deliver housing, disability and homecare services in NSW is dynamic and complex, with a number of reforms taking place at the national and State levels.
- 2.80 The Committee has taken account of this changing environment as well as the diversity of services provided under the housing, disability and homecare umbrella in formulating the recommendations throughout this Report. Implementation of any improvements to public sector outsourcing will necessarily take place against a backdrop of other commitments, including those made through national agreements. A brief discussion of major initiatives and policy directions follows.

Expanded role of NGOs

- 2.81 In evidence to the Committee's Inquiry, the Director General of FACS indicated that there has been a longstanding trend of increased funding to the non-government sector. This has resulted in a 150% increase of funding for family and community services from \$800M in 2000-01 to \$2.3B in 2011-12.⁷³
- 2.82 The NSW Government submission indicated that this trend will continue in light of the commitment to transfer the majority of out-of-homecare places to the non-government sector by 2022. The submission also noted that the Government is promoting the growth of community housing (in tandem with the National Affordable Housing Agreement) and is seeking to expand the supply of community housing to comprise 35% of social housing stock by July 2014.⁷⁴

Continued role of government providers

- 2.83 Despite the increased role of NGOs in service delivery, the NSW Government submission acknowledges its role as funder and provider of such services and indicated that the Government will continue to provide services directly where there is significant risk of service failure to individuals or communities due to lack of economies of scale, or where no provider is available.⁷⁵

⁷¹ Productivity Commission, *Contribution of the Not-for-Profit Sector*, Appendix I, ppl.2-1.3.

⁷² NSW Federation of Housing Associations Inc. website, <http://www.communityhousing.org.au>, viewed 24 July 2013.

⁷³ Mr James Moore, Transcript of Evidence, 3 September 2012, p2.

⁷⁴ Submission 56, NSW Government, p11.

⁷⁵ Submission 56, NSW Government, p20.

Other reforms

- 2.84 The Committee was also made aware of a number of other national and State-level reforms that will have significant consequences for NGO-delivered services in NSW.⁷⁶
- 2.85 For example, in the disability area, 2011/12 saw the commencement of the NSW Government's *Stronger Together 2*. The NSW Government submission to the Inquiry indicated that *Stronger Together 2* seeks to introduce a 'person centred approach' to disability services, reforming the disability sector to enable people with a disability to be the key determiners of how support resources are used.
- 2.86 Another major reform in disability is the recent introduction of the National Disability Insurance Scheme (NDIS), which is a lifetime care and support scheme for people with a disability. The Committee was informed that the NDIS, coupled with the person-centred approach, will completely alter the market for disability services in NSW from a government controlled to a consumer-driven model.⁷⁷
- 2.87 Meanwhile, the Commonwealth has taken full operational responsibility for HACC services to non-Aboriginal people aged 65 and over, and for Aboriginal people aged 50 and over, as part of the National Health and Hospitals Reform. A national regulatory system for community housing providers is expected to commence in January 2014.

The current state of outsourced service delivery in NSW

Issues identified by the Inquiry

- 2.88 During the course of the Inquiry, the Committee heard a number of concerns in relation to the status of outsourced delivery under review. Some of these were flagged in the Committee's Interim Report and will be elaborated on in later Chapters, including:
- administrative and cost burdens, such as unnecessary duplication of information requested as part of funding application processes, the cost of multiple external audits of small programs, and other significant compliance burdens associated with contract monitoring which detract from NGOs' ability to focus on service delivery and to innovate
 - the need for comprehensive and easily accessible complaints processes and mechanisms to address shortcomings and safeguard service quality
 - variability in terms and conditions across contracts designed to deliver common objectives
 - the need for better information and data sharing across service providers and funders to enable better planning and coordination of services

⁷⁶ Submission 56, NSW Government, pp9-13.

⁷⁷ Submission 56, NSW Government, p32.

- the need for funding levels to better match the cost of running a service particularly for smaller providers that cannot take advantage of economies of scale
- remote and regional issues including the effect of limited term contracts on the ability to attract staff to these areas, and on the ability of services to engender trust amongst local communities
- the need for greater partnership between funders, providers and clients of services including greater collaboration around the design, administration and delivery of services
- the need to build capacity amongst NGOs including through adequate staff training and appropriate technology and infrastructure.

Other NSW reviews

- 2.89 The Committee notes that the issues identified during the course of the Inquiry not only overlap with those identified in other jurisdictions, but also in previous reviews conducted in NSW.
- 2.90 For example, in 2009 the NSW Department of Premier and Cabinet conducted a review of the red tape burden faced by NGOs. This review highlighted a range of issues including the need to: reduce information required from NGOs during the application process; streamline contract terms and conditions; offer longer contract terms where appropriate; and reduce red tape around monitoring, acquittal and reporting.⁷⁸
- 2.91 FACS has implemented a number of reforms in response to the red tape review. These include reducing the amount of information required from NGOs to obtain a grant from FACS, and a commitment to longer contract terms of up to 5 years where appropriate.⁷⁹ However, as a number of the same red tape concerns arose again during the Inquiry, the Committee is of the view that more can be done, and has made its own recommendations on these issues in the course of this Report.
- 2.92 Another relevant review, completed in November 2012, was the Grants Management Improvement Taskforce established by the NSW Ministry of Health, which reported on the portfolio's NGO Grants Program. The Report recommended the publication of a clear set of program objectives for management and evaluation purposes, the development of an electronically-based contracts management system and the standardisation and coordination of NGO funding on a whole of government basis. It also stressed the importance of a centralised data system for information about funding and service provision to support policy, planning and funding decisions across programs.⁸⁰

⁷⁸ NSW Department of Premier and Cabinet, *Non-Government Organisation Red Tape Reduction*, December 2009, NSW Department of Premier and Cabinet website, <http://www.dpc.nsw.gov.au>, viewed 2 August 2013, pp15-16.

⁷⁹ NSW Department of Family and Community Services, *Reducing Red Tape Implementation Review*, June 2012, Ageing Disability and Homecare website, <http://www.adhc.nsw.gov.au>, viewed 2 August 2013, pp4&6.

⁸⁰ Grants Management Improvement Taskforce, *Grants Management Improvement Program Taskforce Report*, November 2012, NSW Ministry of Health website, <http://www.test.moh.health.nsw.gov.au>, pp7-10.

- 2.93 The Committee broadly supports the recommendations of the Taskforce. In addition, to promote easily accessible and shared information about funding and service provision, the Committee has already recommended the establishment of a centralised database in its Interim Report, tabled in Parliament on 13 August 2013. This database would allow the sharing of information across all government agencies that contract out service provision to NGOs.
- 2.94 Finally, in 2012, ICAC completed a corruption prevention review of NGO service delivery in NSW. Its Position Paper discusses improved systems of information management, increased accountability of NGOs, reducing the complexity of service agreements, bundling of services, and increasing organisational capacity and performance.⁸¹
- 2.95 Again, the Committee broadly supports the findings of the ICAC position paper and reflects its findings and conclusions in this Report.

APPROPRIATENESS OF CONTINUING OUTSOURCING PROCESS IN ITS CURRENT FORM

Outsourcing and a continued role for government providers

- 2.96 As discussed throughout this Chapter, the outsourcing of government service delivery is part of an increasing trend to involve the non-government sector in community service provision. In NSW, this is particularly evident in the areas of housing, disability and homecare services, where it has resulted in a number of benefits. According to Professor Peter Shergold:
- There is significant evidence that you get more cost-effective delivery and, in my view, you often get a significant improvement in the quality of services...not-for-profit organisations tend to come from a place of the heart...⁸²
- 2.97 A similar observation was made by Dr Robert Waldersee of the Independent Commission Against Corruption:
- ...the goal of locally responsive human service delivery is more likely to be achieved through funding of non-government organisations linked to the community than through centrally designed and administered services.⁸³
- 2.98 Against this background, the Committee supports the continuation of the trend to outsource housing, disability and homecare services in NSW subject to the recommendations made throughout the Report. In coming to this conclusion, the Committee would like to stress that the focus of outsourcing should always be the provision of quality services to the people of NSW at a reasonable price and not based on driving down the cost of services to the lowest level.
- 2.99 In addition, the Committee notes evidence that, despite the benefits of outsourced service delivery, there is a continued need for government agencies themselves to deliver client services some cases. This includes situations where a

⁸¹ Independent Commission Against Corruption, *Funding NGO Delivery of Human Services in NSW: A Period of Transition*, December 2012, ICAC website, <http://www.icac.nsw.gov.au>, viewed 2 August 2013.

⁸² Professor Peter Shergold, Transcript of Evidence, 2 April 2013, p62.

⁸³ Dr Waldersee, Transcript of Evidence, 2 April 2013, p43.

client has particularly high and complex needs or is located in a remote location where client populations may be so geographically dispersed that it would not be viable for an NGO to deliver specialist services.⁸⁴

- 2.100 The provision of services for clients in geographically isolated communities is covered in Chapter Four of the Report.

⁸⁴ Mr George Ryan and Ms Jillian Clinckett, Transcript of Evidence, 10 September 2012, pp18-23; Ms Kerry Stubbs, Chief Executive Officer Northcott Disability Services, Transcript of Evidence, 10 September 2012, p6.

Chapter Three – Service Delivery Mechanisms and Models

- 3.1 The Committee’s Interim Report identified key issues underpinning current service delivery arrangements, canvassed criticisms of existing models and recommended a streamlined approach for future service delivery. This Chapter will elaborate on the earlier conclusions reached and examine a range of factors determining quality assurance, including: reliable accreditation and registration; the measurement of client impacts; auditing and accountability requirements; capability frameworks; organisational capacity constraints; and coordination across the sector.

QUALITY ASSURANCE FACTORS

- 3.2 As part of the funding arrangements between funders and service providers, there is a contractual obligation to guarantee a set of agreed standards for service delivery. Such standards safeguard the appropriate use of public resources and protect the interests of clients in receipt of services.
- 3.3 The previous Chapter outlined the range of programs encompassed by the Inquiry’s terms of reference, as well as Commonwealth and State Government arrangements applying to the delivery of health and welfare services. Chapter Two also highlighted a series of reforms undertaken to set minimum standards for service delivery nationally and to create consistency across jurisdictions.
- 3.4 Within the scope of the Inquiry’s terms of reference, applicable standards governing the delivery of home care, disability and housing services include the following:
- Community Care Standards developed by the Commonwealth Government, designed to streamline administrative arrangements across community care programs and jurisdictions. In NSW, this applies to services provided under the Home and Community Care program until 2015, under the National Health Reform Agreement⁸⁵
 - NSW Disability Standards, linked to the *Disability Services Act 1993*, being revised to ensure alignment with national disability standards as part of the National Disability Strategy⁸⁶
 - registration for community housing providers by the Registrar of Community Housing and complying with the Regulatory Code under the *Housing Regulation 2009*. Housing associations also participate in a system of quality assurance by seeking accreditation against the

⁸⁵ Submission 56, NSW Government, p35.

⁸⁶ Submission 56, NSW Government, p35.

National Community Housing Standards and must be incorporated under the *Corporations Act 2001*.⁸⁷

- 3.5 The divergent nature of service delivery reforms across the range of programs examined by the Committee makes it difficult to arrive at standardised accreditation mechanisms applicable for every service delivery area. The Committee does, however, stress the importance of monitoring compliance with specified reporting requirements and baseline accreditation to ensure that performance standards incorporate appropriate safeguards for funders and clients.

Funding arrangements

- 3.6 The funding agreement is the core element binding the service provider and the funding agency, setting out the legal terms and conditions under which funding is provided. According to the Department of Family and Community Services (FACS), such terms and conditions are standardised across most providers.
- 3.7 Relevant policies and guidelines applying to most organisations delivering services on behalf of FACS include the following:
- minimum standards, licensing or code of conduct requirements
 - program and sub-program guidelines and policies
 - program performance indicators
 - program data collection requirements
 - annual financial reporting, other regular reporting requirements
 - use of capital funding, and management of any vested interest.⁸⁸
- 3.8 In its submission, FACS indicated that funding agreements also have agency tailored schedules attached to them which specify location, duration, target group and other conditions of service delivery. This raises issues about another source of variability in contract conditions and contributes to complaints about the lack of consistency in how agreements are drawn up.
- 3.9 While many NGOs may have long standing agreements with their funding agency in the areas of disability, home care and housing, the Committee has been told that these have often been designed without meaningful consultation with providers.
- 3.10 The Council of Social Service of NSW (NCOSS) has recommended that funding agreements should be developed after full consultation and discussion with the community sector in order to enhance communication, reduce administrative burden and streamline risk and time management. NCOSS stresses that this requires the harmonisation of regulatory definitions, the establishment of

⁸⁷ Submission 40, Shelter NSW, pp7-8.

⁸⁸ Submission 56, NSW Government, p30.

common reporting requirements, consistent indexation increases and guaranteed longer funding cycles.⁸⁹

- 3.11 Consultation with service providers prior to the framing of funding applications has already been addressed in the Committee's Interim Report, where the Committee recommended that early stage discussions with the community sector be undertaken to determine the scope and targeting of services.
- 3.12 Such consultations should also include standardising any schedules attached to the contracts awarded, as the variability in schedules contributes to the complexity of the contract arrangements, reflected in criticisms of the lack of consistency in the funding process.

RECOMMENDATION 1

The Committee recommends that consultations between funding agencies and the NGO sector to determine the scope and targeting of service delivery contracts include discussions about the benefits of standardising the schedules attached to the funding agreements.

- 3.13 The Committee has also been advised that smaller providers are often subject to short term contractual arrangements, which compromises stability and client confidence in continuing service provision.
- 3.14 The Network of Alcohol and Other Drugs Agencies (NADA), in their submission, claimed that increasing trends to short term (one and two years) contracts "generate uncertainty, inhibit innovation and are detrimental for forward planning by NGOs and are also significant with respect to recruitment and retention issues."⁹⁰
- 3.15 Problems relating to the duration of contracts and funding continuity were also stressed by service providers during the Committee's visits to service providers in Western Sydney, Walgett and Narrabri. Uncertainty about continued funding levels, compromising the need for long term stability to build client relationships, was cited as a major concern, particularly for indigenous community providers. The Committee was told by workers at Centacare, Walgett, that 18 month contracts limit staff mobility and create insecurity about continuous employment.
- 3.16 As discussed in the next Chapter of the Report, service providers in regional and remote areas already face greater hurdles in recruiting staff and having ready access to training facilities and personnel. The lack of adequate networks of professional support in these areas, combined with other challenges imposed by a smaller and dispersed client base provide justification for longer funding periods for regional and remote service providers.
- 3.17 An additional issue raised in evidence concerns the adequacy of funding levels provided. Citing Productivity Commission data, the NCOSS submission states that

⁸⁹ Submission 80, Council of Social Service of NSW, p8.

⁹⁰ Submission 2, Network of Alcohol and Other Drugs Agencies, p3.

“governments generally fund only 70% of the cost to the (NGO) sector in providing services”.⁹¹

3.18 In its visit to the Narrabri and District Community Aid Service, the Committee was told that the lack of adequate compensation for staff salaries results in reduced staffing hours, staff working without remuneration and the necessity for greater use of volunteers. The role of volunteers and alternative philanthropic sources of funding is discussed in greater detail in Chapter Six of the Report.

3.19 The question of the adequacy of funding levels, particularly for not-for-profit providers, was also highlighted in evidence given at public hearings. The NSW Local Government and Shires Association referred to the role of local government in the provision of local community services in the following terms:

Involvement in the community services area, strictly speaking, aside from children's services is not what would be regarded as the core business or function of local councils. We generally get involved in these areas because we see a gap. The community demands these services to be provided locally and the councils step in to essentially fill the breach rather than the services being run centrally from places often outside of that particular region by organisations that do not have local knowledge, the capacity to generate social capital and build up a good volunteer base, and essentially provide a poorer service across the board than would be provided if a local agency stepped in. That is why councils step in...There is some funding for those services, but quite often councils would supplement that funding by either providing administrative support or supplementing the salaries of staff involved in those services.⁹²

3.20 Funding agencies employ a range of criteria to determine appropriate levels of remuneration for service delivery. FACS uses a set of resource allocation mechanisms set out in its submission as follows:

- individualised funding processes – where an eligible individual is directly funded for their support
- direct allocation – where an eligible service provider with a demonstrated record of performance and capability is directly funded
- selective tenders – where a small group of service providers are invited to submit competitive proposals to deliver a service
- open tenders or expressions of interest – where a public call for competitive proposals is issued
- pre-qualified panels – where providers are ‘registered’ or ‘validated’ to deliver certain services and that verification allows for direct sourcing from a defined group of providers.⁹³

⁹¹ Submission 80, Council of Social Service of NSW, p7.

⁹² Mr Adam Marshall, Senior Vice President, Shires Associations of NSW, Transcript of Evidence, 3 September 2012, p21.

⁹³ Submission 56, NSW Government, p31.

- 3.21 The FACS submission stresses that the arrangements used for allocating funding do not constitute procurement in any traditional sense, in that they do not reflect a fee for service. Rather, the expectation in the funding agreement is that a co-contribution will be required through “fees and other sources”.⁹⁴
- 3.22 In the Committee’s view, funding models relying on co-contributions compound the lack of transparency in the setting of allocated amounts of funding and do not adequately take account of geographical and social disadvantage. It reinforces the Committee’s position that more extensive consultation processes be developed before contracts and funding agreements are designed and implemented. The Report elaborates on specific issues of remote disadvantage, such as increased infrastructure and transport costs, in the following Chapter.

Contract monitoring

- 3.23 In its submission to the Inquiry, the Department of Family and Community Services acknowledged that each of its agencies had a different approach to monitoring funding agreements, but that such monitoring was generally undertaken at regional level with input from third parties with accreditation responsibilities. The Department provided an example of this arrangement in evidence to the Committee:

... an out-of-home agency is accredited by the Children's Guardian, so they would have the monitoring. In that case it would not be led by Community Services. We would be looking at their quarterly—in fact, in that case, their monthly figures, and people would be seeing them as part of the whole service network. As well, they would be part of what we call a RIG—a regional implementation group, that they would be participating in monthly. So there would be at least monthly contact with them both in terms of the quality of the service they are providing, and certainly our financial people would be looking at whether they are meeting their targets in terms of the quantity of the service they are providing.⁹⁵

- 3.24 The value of external monitoring and evaluation in the housing area was also stressed in evidence to the Committee. In response to questions from the Committee, the following comments were made:

Recently, for example, we had outsourced some maintenance and upgrading work through the community housing organisations and we asked our colleagues in the Land and Housing Corporation to undertake a spot check to look at the quality assurance around those properties to make sure that the works have been undertaken in an effective manner....The statutory registrar also has an annual compliance assessment process which can be escalated through a trigger if issues are raised that are of concern. It can be undertaken on a risk basis more frequently if required. Some of that is desktop but some is also by site visit. The site visits can detect the areas where there might be issues around the maintenance of those assets as well.⁹⁶

⁹⁴ Submission 56, NSW Government, p31.

⁹⁵ Ms Maree Walk, Chief Executive of Community Services, Department of Family and Community Services, Transcript of Evidence, 2 April 2013, p8.

⁹⁶ Ms Leonie King, Executive Director, Community and Private Market Housing Directorate, Department of Family and Community Services, Transcript of Evidence, 2 April 2013, p18.

- 3.25 According to FACS, monitoring can take the form of specified reporting against outputs, outcomes, financials or overall compliance and/or changes in funding arrangements or external triggers. Funding agreements set out quality requirements and monitoring arrangements, client outcomes and applicable program guidelines. The rationale for monitoring is to highlight potential risks to client health and safety or the misuse of funding.⁹⁷
- 3.26 As part of the risk assessment, the following factors are taken into account:
- annual compliance returns (endorsed by NGO Board)
 - individual trend data
 - identified issues arising from service visits
 - client, peer and community feedback and complaints
 - internal provider issues (fraud, misappropriation)
 - community engagement and planning
 - watchdog reports (Ombudsman, other external agency)
 - referrals from other funders.⁹⁸
- 3.27 Risk Identification and Monitoring Guidelines have been developed to guide regional contract managers in their annual assessments to guide future funding decisions.⁹⁹ The Department of Family and Community Services further indicated that it was considering the extent to which monitoring activities would become part of its reform agenda.
- 3.28 While the focus on performance monitoring in the community services sector provides greater rigour and accountability in the allocation of public funds, there is a view expressed by smaller service providers that increasing compliance requirements associated with a Performance Monitoring Framework (PMF) are unduly onerous and unfairly favour larger NGOs.
- 3.29 According to FACS, the PMF will be used in conjunction with quantitative data reporting and financial acquittal documentation to monitor the performance of funded services, negotiate ongoing improvements and support funding decisions. The Department also adds the proviso that "...a Performance Improvement Plan will be developed in agreement with the NGO."¹⁰⁰
- 3.30 In its Interim Report, the Committee has stressed the need to simplify the funding application process, in order to reduce administrative reporting burdens and to streamline contracts. The Committee therefore recommended that a new centralised application process to be developed and that the scope and target of

⁹⁷ Submission 56, NSW Government, p36.

⁹⁸ Submission 56, NSW Government, p36.

⁹⁹ Submission 56, NSW Government, p37.

¹⁰⁰ Submission 56, NSW Government, p37.

such applications be subject to consultation with all organisations operating in the same service delivery area.

- 3.31 It is important to stress that in the context of increased levels of outsourcing, consultation with providers in the design and implementation of service contracts is essential to ensure that the system delivers the best possible outcomes. The relationship between funding agencies and providers should be based on a partnership model, where joint responsibility is taken for delivery outcomes, performance and service coordination.
- 3.32 This partnership model assumes that funders respect the independence of service providers and should not impose onerous or unreasonable demands on their general operations.

RECOMMENDATION 2

The Committee recommends that funding agencies do not impose undue restrictions on the general operations of service providers as a consequence of service contractual arrangements.

- 3.33 The Committee notes that in the disability area, concomitant with the move towards greater client choice of provider, there is a need to develop more flexible funding arrangements to respond to individual client needs.

Client Quality Assurance

- 3.34 An essential component of client quality assurance has been the use of complaint management systems, monitored both by funders and providers. In its written submission, FACS told the Committee that it expects providers to have mechanisms in place to handle such complaints in an appropriate manner and linked to their risk management practices.
- 3.35 Complaints management, according to FACS, has been included in contract agreements and industry development materials, such as requirements applying to the community housing sector and a Complaints Management Standard as part of existing Disability Service Standards. A complaints process requirement is also included in the Ageing, Disability and Home Care Funding Agreement.¹⁰¹
- 3.36 In evidence to the Committee at its final hearing, FACS representatives discussed it in the following terms:
- ...the department has a range of complaints policies depending on different streams of funding, and we also make use in using those streams of funding of the Office of the Ombudsman, so that if people wish to make complaints they are directed through the Ombudsman. We also have, through the various arms of Family and Community Services, officers whose responsibility it is to monitor, and, again depending upon the type of funding regime, that will involve onsite visits.¹⁰²
- 3.37 In the housing area, there is a tiered process of dealing with complaints:

¹⁰¹ Submission 56, NSW Government, p37.

¹⁰² Mr James Moore, Director General, Department of Family and Community Services, Transcript of Evidence, 2 April 2013, p8.

Where complaints are made by tenants or applicants in relation to property and tenancy management we refer that in the first instance to the community housing organisation to be dealt with. There are a series of escalation points. Importantly, under the statutory regulatory system and the regulatory code organisations are required to demonstrate they have a complaints management system in place under the outcome, fairness and resident satisfaction. There is quite an extensive focus by the registrar (of Community Housing) in looking at the complaints mechanisms and also making sure that those complaints mechanisms are clear and available to people who are part of that system.¹⁰³

- 3.38 The transformation of community service delivery from a centralised model to a more devolved and client centred system requires more emphasis on the part of funders to meeting individual needs. This will require a realignment of current processes and was addressed by the Attendant Care Industry Association in its appearance before the Committee:

I think there probably needs to be two complaints mechanisms. There needs to be a mechanism within whatever system we have in New South Wales which assesses eligibility and places funds for people to be given support so that fundamental decisions that are made around that can be challenged, or held accountable at least, so there is a kind of internal mechanism there. But I think there needs to be a very robust external mechanism, probably more robust and more holistic than the one we have at the moment.¹⁰⁴

- 3.39 In his appearance before the Committee, the Deputy Ombudsman described the work of the Ombudsman's Office in the development of a uniform complaints system across the human services sector. Mr Kinmond explained that the NSW Government is currently looking at customising an IT system developed in the area of disability services in Victoria and tailoring it to local requirements. In arguing for this approach, he said:

It seems to me that it would be highly efficient to have a standardised uniform IT system so that we set the standards, together with appropriate guidelines, so that in five years' time we are not talking about a patchy system in terms of complaints but we are confident that we have a degree of uniformity and a degree of quality in that area.¹⁰⁵

- 3.40 During further questioning by Committee members, the Deputy Ombudsman elaborated on this system:

... interstate we do not have all complaints being reported on a centralised information system to a body such as mine with the ability to scrutinise those complaints and look at trends. My argument would be that if you had such a system there would be the opportunity to scrutinise individual complaints systems where risks would be evident. What one would be testing is whether there is a

¹⁰³ Ms King, Transcript of Evidence, p19.

¹⁰⁴ Mr Michael Bleasdale, Executive Director, Attendant Care Industry Association, Transcript of Evidence, 17 September 2012, p15.

¹⁰⁵ Mr Steven Kinmond, Deputy Ombudsman, Community and Disability Services, NSW Ombudsman, Transcript of Evidence, 2 April 2013, p55.

commitment by local service providers to providing appropriate grievance mechanisms at the coalface.¹⁰⁶

- 3.41 The Committee has previously recommended the establishment of a centralised data repository for the purposes of consistent and transparent quality assurance. The proposed complaints system could practically be encompassed within this regime and provide a mechanism to assess and maintain the quality of client service delivery across the sector.

RECOMMENDATION 3

The Committee recommends that the centralised data system containing funding information for all service providers, already recommended by the Committee in its Interim Report, be extended to encompass a centrally coordinated and consistent complaints system enabling this information to be made available to all funding agencies. The structure and content of this complaints system should be developed in consultation with all service providers.

- 3.42 In addition, in the context of the transformation of community service delivery from a centralised to a more devolved system, the Committee is keen to ensure that monitoring and review systems also evolve to safeguard highly vulnerable clients, particularly young children, who may be at risk of institutional abuse. The Committee is of the view that a risk-based approach to monitoring and review would be helpful in this regard.

RECOMMENDATION 4

The Committee recommends that the Department of Family and Community Services investigates the implementation of a risk based approach to monitor and review community service organisations working with highly vulnerable clients at risk of institutional abuse. The monitoring and review process should include periodic unannounced inspections and reviews of organisational performance, the frequency of which should be based on the level of perceived risk, particularly focused on out of home care services for young children.

For-Profit providers

- 3.43 A number of service providers and advocacy groups expressed concern during the Inquiry about the entry of for-profit providers into the disability and homecare sector, including out-of-home care. Concerns raised included:
- possible effects on service quality. For example, while not-for-profit providers are required to reinvest any money they make back into their services, for-profits extract such money and direct it as profit to shareholders¹⁰⁷

¹⁰⁶ Mr Kinmond, Transcript of Evidence, 2 April 2013, p56.

¹⁰⁷ Mr Grant Millard, Chief Executive Officer, Anglicare Sydney, Transcript of Evidence, 10 September 2013, p33; Submission 65, Combined Pensioners and Superannuants Association, p3.

- possible effects on employee working conditions within the human services sector of the pressure to achieve larger profits for shareholders amongst for-profit providers, and resultant cost cutting¹⁰⁸
- potential for ‘cherry picking’ – that is, entities with profit motive cherry picking more profitable clients and resultant effects for clients that are not profitable.¹⁰⁹

3.44 The Director of NCOSS, suggested the entry of for-profit providers into the sector could lead to decreased choice for clients:

A major concern...of allowing for-profits into human service delivery is that if they adopt a business practice...where they deliberately bid low...to win contracts...you ...end up with a huge number of potential players for the next time you open up a contract for re-tendering...one of the best things about the community sector is our diversity [and collaboration]...rather than assuming one organisation will meet the needs of absolutely every [client].¹¹⁰

3.45 An additional concern, raised by the Chief Executive Officer of Northcott Disability Services is that not-for-profit providers may be less able to venture into new areas of service provision if they have to compete with for-profit providers that have more capital to set up new business models.¹¹¹

3.46 Conversely, some witnesses were very supportive of involvement of for-profits in the human services sector. The Chief Executive of NSW Ageing Disability and Homecare indicated that:

...from my own experience in the aged sector, the relationship between the for-profits and not-for-profits has been...very healthy because both help keep the other honest. The not-for-profits make sure that standards and services are kept at the highest level; the for-profits make sure that that is being done in a financially and managerially rigorous fashion.¹¹²

3.47 The Development Officer at Southern Community Care Development Inc. reported that the mix of not-for-profits and for-profits in home and community care works well and that any organisation that meets relevant quality standards should be able to provide services.¹¹³

3.48 It is apparent that there is a divergence of views about the role of for-profit providers. The relatively recent emergence of large scale for-profit service provision in the sector and the lack of empirical evidence about their operations mean that the impact of these entities on service quality is inconclusive. There is

¹⁰⁸ Submission 37, Mr Theis Dencker, p1; submission 63, Public Service Association of New South Wales, p23; submission 59, United Services Union, p5.

¹⁰⁹ Submission 59, United Service Union, p5.

¹¹⁰ Ms Alison Peters, Director Council of Social Service of NSW, Transcript of Evidence, p44.

¹¹¹ Ms Kerry Stubbs, Chief Executive Officer of Northcott Disability Services, Transcript of Evidence, 10 September 2012, p8.

¹¹² Mr James Longley, Chief Executive of Ageing, Disability and Homecare, Department of Family and Community Services, Transcript of Evidence, 3 September 2012, p9.

¹¹³ Ms Melinda Paterson, Transcript of Evidence, 10 September 2012, p24.

therefore a need for further research before further devolution to for-profit entities becomes more entrenched.

RECOMMENDATION 5

The Committee recommends that the NSW Department of Family and Community Services funds an independent empirical study into the service quality impacts of the contracting out of disability, home care and out-of-homecare services to for-profit organisations, before further involving the for-profit sector in provision of these services.

Oversight and accountability

- 3.49 The recent review by the Independent Commission Against Corruption (ICAC) into Funding NGO Delivery raises the potential for inherent corruption risks within the sector, particularly in the transitional phase of moving to a more extensive NGO delivery model. In a traditional model, decision making is strictly controlled at central office level within an established regulatory framework designed to minimise potential misuse of public funds. The shift towards a devolved model of delivery creates a new set of concerns.
- 3.50 According to the ICAC Position Paper, “Central controls are becoming less effective but have not yet been replaced by a more appropriate model. With agency controls under pressure and an environment in which large numbers of funding allocations are available, the situation is conducive to corruption.”¹¹⁴
- 3.51 The ICAC Position Paper also raises a range of other issues related to governance in the NGO sector, including red tape and flexibility constraints on service organisations. From an accountability perspective, ICAC observes that central policy tools which were designed to ensure probity have been replaced by an “...informal reliance on geographically isolated regional managers to maintain service delivery.”¹¹⁵ As the Paper concludes, this reduces the ability to enforce the written probity controls, which are not implemented in practice.
- 3.52 While ICAC acknowledges that high levels of centralised control are no longer workable in the new policy environment, the Commission expresses concern that the emergence of a decentralised model exists outside a formally instituted design framework. The problems and risk factors identified as part of the ICAC investigations include the following:
- NGO staff using government resources and money for their own benefit
 - NGO staff using funds to deliver a different service to the one contracted
 - NGOs receiving funding for the same service from multiple funders
 - theft and inappropriate use of government funded assets

¹¹⁴ Independent Commission Against Corruption, *Funding NGO Delivery of Services in NSW: A Period of Transition*, December 2012, ICAC website, <http://www.icac.nsw.gov.au>, viewed 3 September 2013, p4.

¹¹⁵ Independent Commission Against Corruption, *Funding NGO Delivery of Services in NSW: A Period of Transition*, p9.

- services provided to favoured clients of the NGO manager
 - collusion between government frontline staff and NGO staff
 - false reporting on service delivery.¹¹⁶
- 3.53 In support of the ICAC findings, a Fraud Survey conducted by the NSW Auditor-General in 2012 identified a growing trend in frauds in outsourced functions contracted to non-government organisations.¹¹⁷
- 3.54 The absence of an appropriate agency to monitor fraud and corruption risks across the NGO sector will increase the vulnerability of service providers as the outsourcing process gathers momentum. The Auditor-General would be ideally placed to audit the accounts of NGOs in receipt of government funding and this has been recommended by ICAC as part of its investigation.
- 3.55 Without canvassing in greater detail the full extent of the ICAC investigation, the Committee supports the recommendations made in the Commission's Position Paper and considers that the implementation of the ICAC findings and recommendations will greatly strengthen the financial rigour necessary to implement the new financial framework for outsourcing.
- 3.56 The Committee is also aware that the NSW Legislative Assembly Public Accounts Committee has recently tabled a report on the efficiency and effectiveness of the Audit Office and has recommended amendments to the Public Finance and Audit Act to enable the Auditor-General to audit the accounts of private contractors and other NGOs delivering services on behalf of the NSW Government.¹¹⁸
- 3.57 Taken together, these recommendations add weight to the Committee's preferred approach, whereby the Auditor-General would be responsible for exercising scrutiny over the expenditure of all public funds provided to the NGO sector. This would overcome identified deficiencies and provide greater confidence in the sector's fraud control measures.

RECOMMENDATION 6

The Committee recommends that the NSW Auditor-General be given legislative authority to examine and audit the accounts of NGOs in receipt of government funding for the provision of housing, disability and home care services.

RECOMMENDATION 7

The Committee recommends that the Auditor-General reports annually on the accounts and activities of NGOs operating in the housing, home care and disability sectors.

¹¹⁶ Independent Commission Against Corruption, *Funding NGO Delivery of Services in NSW: A Period of Transition*, p4.

¹¹⁷ NSW Auditor-General, *Report to Parliament, Volume Seven, 2012 Fraud Survey*, Audit Office of NSW website, <http://www.audit.nsw.gov.au>, viewed 3 September 2013, p31.

¹¹⁸ NSW Legislative Assembly Public Accounts Committee, *Efficiency and Effectiveness of the Audit Office of NSW Report 11/55*, September 2013, NSW Parliament website, <http://www.parliament.nsw.gov.au>, viewed 1 October 2013, p42.

CAPACITY BUILDING

- 3.58 As previously outlined, important factors determining the delivery of services in an effective and efficient manner are directly related to an organisation's skills base and its capacity for good governance. While many smaller NGOs may have good management practices, others operate with more basic procedures and administrative controls, not conducive to managing complex service agreements.
- 3.59 It is in the interests of funding agencies to ensure that service providers are well resourced and equipped to manage public funds and government agencies are conscious of the risks associated with deficient processes and lack of oversight. While efforts have been made to build NGO capacity, both by funders and organisations themselves, a range of constraints apply to the successful achievement of this objective. These include workforce recruitment, training opportunities and effective accreditation systems.
- 3.60 Chapter Five of the Report will deal with issues around sectoral employment trends, training and professional development of staff and the use of volunteers. The lack of trained and properly resourced staff and its impact on remote and regional areas will be more extensively covered in Chapter Four. It is important to note, however, that lack of organisational capacity also impinges directly on probity and accountability requirements for all service providers and affects the quality of services to clients, as previously described.
- 3.61 Another aspect of governance capacity which is becoming more critical is the use of computer technology to improve communication between Government and the NGO sector. In addition, computer software assists in being able to effectively apply for funding and report on outcomes. A discussion of the importance of technological innovation is discussed in Chapter Seven.
- 3.62 Allied with strengthening the service delivery capacity of NGOs is increasing the capacity of funding agencies to relate to NGOs. Chapter Two of the Report described the UK Government's approach to enhance the public sector's dealings with NGOs. Such 'intelligent commissioning' may provide a useful model for funding agencies in NSW.

RECOMMENDATION 8

The Committee recommends that the NSW Department of Family and Community Services examines the operation of the 'intelligent commissioning' model in the UK with a view to assessing its suitability for implementation in NSW.

- 3.63 All the features of organisational strength and capacity are interrelated and depend largely on the ability of service providers to access good information, to be properly resourced to take advantage of opportunities for collaboration and to use all available tools for delivering quality service. The Committee considers that there is an urgent need for greater coordination within the sector, based on prior learning and drawing on the experience of other Australian jurisdictions, as set out below.

CO-ORDINATION MECHANISMS

- 3.64 In its Interim Report, the Committee recommended a centralised open database and a streamlined funding application process, designed to maximise access to information and to reduce administrative complexity. This Report builds on these recommendations and advances the prospect of a more integrated approach to improve communication and strengthen the relationship between community based organisations in the human services sector and funding agencies.
- 3.65 As detailed in Chapter Two, the Commonwealth, Victorian and Tasmanian Governments have all established a separate office to coordinate and implement policy involving the non-government sector. These are variously called the Commonwealth Office of the Not-for-Profit Sector, located in the Department of Prime Minister and Cabinet's Policy Division; the Victorian Office for the Community Sector, located in The Victorian Department of Human Services' Policy and Strategic Division; and the Tasmanian Office of the Community Sector, initially located within the Department of Health and Human Services and now transferred to the Department's Disability, Housing and Community Services' Policy Division.
- 3.66 In both the Commonwealth and Victorian jurisdictions, the Offices were established to implement a government not-for-profit reform agenda, including the reduction of red tape and minimising administrative burdens for service providers. Additionally, various strategies were implemented to share information between funders and providers and to build consultation channels to strengthen organisational capacity.
- 3.67 The Victorian Government's whole-of-government Action Plan has resulted in the following reforms:
- a common funding agreement, used by all Government Departments funding not-for-profit community organisations
 - the establishment of a Compliance Support Centre, a single point of entry website to access regulatory information and updates, licences, forms and other resources
 - various other guidelines, resources and online tools to assist organisations with recruitment and staff management, fundraising and philanthropic enterprises, program evaluation and governance and technology support guides
 - facilitating and coordinating workshops, summits and other capacity building activities, and workforce and enterprise development.¹¹⁹
- 3.68 In the case of the Commonwealth, the Government has emphasised the establishment of a national regulator and the reduction of red tape as specific reform goals. The Commonwealth Office is assisted by the Not-for-Profit Reform Council which includes leaders from the not-for-profit sector and advises

¹¹⁹ Victorian Department of Planning and Community Development, <http://www.dpcd.vic.gov.au/communitydevelopment/community-sector>, viewed 2 September 2013.

Government on the Reform Agenda. This has resulted in the formulation of the National Compact to improve the partnership between the Government and the not-for-profit sector. The eight priorities for action are set out as follows:

- documenting and promoting the value and contribution of the not-for-profit sector
- protecting the not-for-profit sector’s right to advocacy, irrespective of any funding relationship that might exist
- recognising not-for-profit sector diversity in consultation processes and sector development initiatives
- improving information-sharing, including greater access to publicly-funded research and data
- reducing red tape and reporting
- simplifying and improving consistency of financial arrangements including across state and federal jurisdictions
- acting to improve paid and unpaid workforce issues.
- improving funding and procurement processes.¹²⁰

3.69 As a further refinement, the Commonwealth Department of Finance and Deregulation has recently announced a whole-of-government grant agreement template for use by agencies in the not-for-profit sector. This is being run as a pilot by selected agencies, including the Department of Health and Ageing and the Department of Families, Housing and Community Services to assess the benefits of a simplified application process for low risk grants.¹²¹

3.70 Another mechanism to achieve improved integration between the community sector and government is operating in Western Australia. This is discussed in Chapter Two and is also referred to in the submission from the Council of Social Service of NSW (NCOSS). The NCOSS submission describes the Partnership Forum Model established in WA in 2010 as a focal point for fostering collaboration and innovation in policy, planning and service delivery.

3.71 The WA Forum brings together representatives of State Government agencies and the community sector to address issues of mutual concern guided by a set of principles, including:

- a collaborative approach to decision making, recognising interdependence in community service delivery

¹²⁰ Australian Government, <http://www.notforprofit.gov.au/compact>, viewed 2 September 2013.

¹²¹ Commonwealth Department of Finance and Deregulation, <http://www.finance.gov.au/financial-framework/financial-management-policy-guidance/grants/grant-agreement-template-project.html>, viewed 3 September 2013.

- a commitment to empowering service users in the design, planning and delivery of services
- a commitment to improve the social, cultural and economic outcomes for the Western Australian community.¹²²

3.72 The Western Australian Government has not specifically established a separate office to coordinate NGO and government relations, as has been done at the Commonwealth level and in Victoria. It has nevertheless recognised that the NGO sector needs to be better supported and resourced and this is a theme reinforced in all submissions to the Inquiry.

3.73 Such developments illustrate a common approach to increased coordination and recognise that new models need to be developed as the sector takes on greater responsibility for delivering services which have previously been provided by Government. The general shift towards more streamlined and efficient application processes in applying for service funding supports the Committee's application gateway model recommended in its Interim Report.

3.74 The continuing devolution of service provision to non-government agencies and the lack of a NSW Government coordination mechanism provide strong arguments for the establishment of such a structure in NSW. It is the Committee's view that a non-government coordination agency should be established to provide a bridge between funding agencies and non-government organisations delivering human services in NSW.

3.75 Another factor to be taken into account relates to more recent developments in delineating regional boundaries for service delivery by funding agencies in the sector. Evidence was provided by the Chief Executive of Ageing, Disability and Home Care (ADHC) that new administrative arrangements will see the closer alignment of ADHC and Health districts. As described by Mr Longley:

The process of localisation, which is only in its very early stages of planning and development, essentially are that each of the three divisions within Family and Community Services moving to a boundary arrangement, which in alignment with the health districts. But that is only being planned at this stage, so as to what their precise alignment is, work is still being done to ensure that it is sensible, to make sure it works, and to make sure it delivers better services. The intention of localisation is to bring services closer to people and to make sure the services are person-centred. We would be expecting that those two drivers will be very much in play. We are expecting minimal impact in terms of the effect that individual clients and customers will feel. This is really more an administrative effect or an administrative activity for ourselves to make sure that we have better structures, more local structures, and that they are better aligned across the three divisions of the overall department of Family and Community Services.¹²³

3.76 Mr Longley stressed that the aim of this realignment process was to improve the transfer of local knowledge at a district level and to speed up service delivery responsiveness based on local needs. It will also result in having senior officers

¹²² Submission 80, Council of Social Service of NSW, p6.

¹²³ Mr James Longley, Transcript of Evidence, 2 April, 2013, p22.

closer to service providers. This is particularly important for geographically disadvantaged communities in remote and regional areas, discussed in greater detail in Chapter Four.

- 3.77 In the Committee's view, a more localised approach to administration complements the coordination model envisaged earlier. The regional managers would have the capacity to respond to specific situations on the ground, as well as being the conduit for information about service provision to the centralised coordination agency. This will assist in the collection of local information and its transmission to the centralised data base.
- 3.78 A NSW Office for the NGO human services sector would complement the Committee's recommendations in its earlier Report and would provide a logical locus for cross sectoral data collection and the processing of funding applications. Additionally, as well as mediating all financial transactions between government funding agencies and NGOs, it would collect details about all funded programs and services and assist organisations in building their capacity to deliver optimal services to clients.
- 3.79 Contrasting the approach in other jurisdictions, the Committee considers that the NSW Office should encompass for-profit as well as not-for-profit providers and should have the following functions:
- policy coordination and implementation (including the establishment of the application gateway and the consolidated database)
 - consultation and partnership liaison with service providers (including the establishment of an interagency council to represent the views and interests of NGO leaders and funding agencies to advise on policy, planning and service delivery, reporting annually to Parliament)
 - development of a partnership agreement setting out principles to encourage collaborative arrangements between NGOs and Government
 - NGO capacity building (research, advice and practical online support, including training and workshops for NGOs on all aspects of optimal service delivery and operational matters)
 - one-stop-shop (direct online access to regulatory information and updates, licensing, forms and related compliance resources).
- 3.80 In order to maximise the effectiveness of the NGO Office and to drive the reform process, the Committee considers that the Office should be located within the Department of Premier and Cabinet. This will ensure that there is no confusion between the policy and coordination functions and the funding role of any one portfolio area and that the Office retains the trust of service providers as an independent source of advice and support.

RECOMMENDATION 9

The Committee recommends that the Department of Premier and Cabinet establishes a NSW Office for the NGO human services sector to coordinate and

facilitate consultation between funding agencies and service providers in the development of funding policies, the planning and delivery of services, capacity building within the sector and the provision of information across the sector.

Chapter Four – Service Integration and Geographic Location

- 4.1 In this Chapter, the Committee explores the range of views reflected in evidence regarding access to and availability of human services in regional, rural and remote areas of NSW. The Chapter also covers the development of integrated networks of supply and delivery to improve services, as well as capacity building, social integration and Aboriginal service provision.

REGIONAL, RURAL AND REMOTE SERVICE PROVIDERS

Regional, rural and remote areas

- 4.2 Geographic location has a significant impact on client service provision and is an important consideration in the formulation of government policy and programs. Measures of disadvantage are derived by comparing welfare outcomes for diverse population groups, and these are used to plan programs and services across Australia. There are various systems used to define remoteness, rurality and regional status, including:
- the Rural Remote and Metropolitan Areas Classification, which uses population size and direct distance from the nearest service centre to determine seven categories: capital cities, other metropolitan centres, large rural centres, small rural centres, other rural areas, remote centres and other remote areas
 - the Accessibility/Remoteness Index of Australia (ARIA), which uses a geographical information system to define road distance to service centres to produce a sliding scale of remoteness to determine five categories: highly accessible, accessible, moderately accessible, remote and very remote
 - Australian Standard Geographical Classification, which defines remoteness by Census Collection Districts on the basis of the average ARIA score within the district. The remoteness of local areas is then assessed and classified by the ARIA categories: major cities, inner regional, outer regional, remote and very remote.¹²⁴
- 4.3 While the majority of Australians live in major cities, a significant minority live elsewhere. In March 2011, the Australian Institute of Family Studies published a facts sheet indicating that 69% of Australians live in major cities, 20% live in inner regional areas, 9% live in outer regional areas, and 2.3% live in remote or very remote areas.¹²⁵

¹²⁴ Services for Australian Rural and Remote Allied Health, <http://www.sarrahrtraining.com.au/site/index.cfm?display=143627>, viewed 17 September 2013.

¹²⁵ Australian Institute of Family Studies, 'Families in regional, rural and remote Australia' March 2011, <http://www.aifs.gov.au/pubs/factsheets/2011/fs201103.pdf>, viewed 17 September 2013, p2.

- 4.4 Australian Bureau of Statistics figures for June 2010 indicate that 63.3% of NSW's population resided in its Sydney statistical division, with the remainder concentrated in the northern coastal statistical divisions of Hunter (9%), Mid-North Coast (4.3%) and Richmond Tweed (3.4%), and to the south of Sydney in Illawarra (6%). The remaining 14% of NSW residents lived in other areas of the State.¹²⁶

ACCESS TO AND AVAILABILITY OF SERVICES

- 4.5 Evidence received consistently during the Inquiry emphasised that people living outside Sydney and other metropolitan centres in NSW experience varying degrees of difficulty in accessing health and community services. This was also observed first hand by Committee Members in their visits to service providers in Walgett and Narrabri and reinforced in discussions with staff of organisations on the ground.

Sparsity of services in smaller communities

- 4.6 The Committee was told that services tended to be sparse or non-existent in smaller rural and remote communities. As Kincare stated in its submission:

Smaller communities in some regions may only have access to government services or a single, non-government provider...In some of the smaller towns there may only be sufficient volume to justify a single provider.¹²⁷

- 4.7 Mr Fergus Fitzsimons, Chief Executive Officer of Centacare, New England North West commented on the effect this has on genuine client choice in these areas:

The further you go out west, the less competition there is or the less potential provision of service by the winning tenderer...¹²⁸

- 4.8 Mr Christopher Norris of Centacare, made a similar observation in the context of the Government's move to a person-centred approach in disability services. Mr Norris indicated that while the person-centred approach is intended to concentrate purchasing power in the hands of the individual client this may not be possible, in practice, in smaller communities:

In the bigger communities, that is going to be available to the client and they are going to have that capacity and that power. However, in the smaller communities, it is going to be far more limited, where there may well be only still one provider in the area and that client – whether or not they have purchasing power – is going to have to go with that provider because they do not have any other option.¹²⁹

- 4.9 The Committee also heard that the organisations that do provide services in smaller communities tend to be very small:

¹²⁶ Australian Bureau of Statistics, '3235.0 - Population by Age and Sex, Regions of Australia, 2010' Australian Bureau of Statistics website, <http://www.abs.gov.au>, viewed 12 September 2013, p1.

¹²⁷ Submission 42, Kincare, p11.

¹²⁸ Mr Fergus Fitzsimons, Chief Executive Officer, Centacare New England North West, Transcript of Evidence, 17 September 2012, p4.

¹²⁹ Mr Christopher Norris, Business Development Manager, Centacare New England North West, Transcript of Evidence, p5.

In Health, many...community and non-government...providers are very small organisations working in small rural townships. They may have one or two staff working across a large geographic area.¹³⁰

Duplication of services in large rural centres

- 4.10 Conversely, while service sparsity is a problem in smaller rural and remote communities, in some larger regional and rural areas (for example, Tamworth), there is a problem of service duplication.¹³¹ Mr Grant Millard, Chief Executive Officer of Anglicare Sydney said:

It is a concern that multiple agencies are being over-represented in a particular area. It is a terrible misapplication of resources. There really does need to be some level of rationalisation...there probably needs to be a different approach to dealing with organisations in partnership and to have them speaking together...There is so much need but finite resources. It is paramount that there be efficiency gains where there are multiple entities in the one location and they are not individually meeting the need in the community.¹³²

Barriers for special needs groups

- 4.11 Groups with special needs face particular challenges in regional, rural and remote areas. For example, the Deaf Society of NSW indicated that Government funding is directed to generic services in these areas, staffed by people who cannot communicate with deaf people. This leaves deaf people who reside in these areas without adequate support.¹³³ The Deaf Society stressed that funding for interpreters to allow deaf people to use these generic services is essential.¹³⁴

CAPACITY BUILDING

- 4.12 The significant amount of evidence received about the specific challenges faced by regional, rural and remote service providers contributes to the access issues outlined above, and has an effect on the quality of services provided at these locations.
- 4.13 In this section, the Committee focusses on the comparatively high cost of establishing and delivering services in regional, rural and remote areas, and looks at staffing challenges. Recommendations that relate to capacity-building through social integration and integrated networks of supply and delivery are dealt with in the following section.

Comparatively high cost of establishing and delivering services

- 4.14 Existing gaps in service provision in rural and remote areas are compounded by high establishment costs related to economies of scale and geographic spread.

¹³⁰ Dr Rohan Hammett, Deputy Director General, Strategy and Resources, NSW Health, Transcript of Evidence, 3 September 2012, p18.

¹³¹ Mr Fitzsimons, Transcript of Evidence, 17 September 2012, p4.

¹³² Mr Grant Millard, Chief Executive Officer of Anglicare Sydney, Transcript of Evidence, 10 September 2012, pp39-40.

¹³³ Submission 23, Deaf Society of NSW, p5.

¹³⁴ Submission 23, Deaf Society of NSW, p5.

4.15 Establishment costs are often higher in smaller communities due to the lack of infrastructure, meaning that the establishment of a new service may necessitate investment in a new building.¹³⁵ This in itself is very expensive, and during an inspection of Centacare New England North West at Walgett in March 2013, the Committee was told that the costs of building materials and labour in isolated areas are very high.

4.16 Indeed, Ms Kerry Stubbs, Chief Executive Officer of Northcott Disability Services indicated that many organisations do not have the economies of scale to establish and operate a service in rural and remote areas, and some areas are impossible for the non-government sector to enter into at all because of insufficient demand:

I think for rural and remote communities it is a much more difficult proposition because there are just not the service providers there... [service providers] cannot go if they cannot exist. We go into rural areas all the time and we put money in there... We are a big not-for-profit organisation; a lot of smaller ones cannot afford to do that. There are some places where there is not enough population for people to be able to make that decision. We make that decision all the time as part of our business plan but we have the capacity to do some of that. We cannot do it everywhere.¹³⁶

4.17 The Committee also heard that it costs more to provide services in regional, rural and remote areas because services in these areas have to operate across a larger geographic area. Mr Christopher Norris of Centacare stated:

I think there are a lot of things that are not factored in [to the amount the Government pays for a contract for services in regional, rural and remote areas]... coming from a rural and regional area the travel component is huge. It is not just travel...it is overnight accommodation...For example, under the Ageing, Disability and Homecare packages that are going around now, you can pick up a package in western Sydney and... [Government] pay[s] the same dollars to provide a similar package out west of Moree...¹³⁷

4.18 Further, in some cases, where the cost of travel has not been factored into a contract for services, services are simply not provided in more isolated areas. As Ms Stubbs of Northcott Disability Services told the Committee:

...in the Helping Children with Autism packages and Better Start packages there is a restriction on charging travel costs... We have to charge the same regardless of whether I am sending a therapist 200km to deliver a service in a remote area or I am sending them half a suburb away. That means we just do not deliver services in rural and regional areas because we cannot afford it.¹³⁸

4.19 Other evidence stated that while some services may be provided to isolated clients, it is a struggle. For example, Salvation Army Aged Care Plus said that it

¹³⁵ Ms Kerry Stubbs, Chief Executive Officer, Northcott Disability Services, Transcript of Evidence, 10 September 2012, p6.

¹³⁶ Ms Stubbs, Transcript of Evidence, 10 September 2012, pp6-7.

¹³⁷ Mr Norris, Transcript of Evidence, 17 September 2012, p8.

¹³⁸ Ms Stubbs, Transcript of Evidence, 10 September 2012, p6.

provides services to a client who lives in a small rural town involving a 120km round trip, which eats into its operating costs.¹³⁹

- 4.20 In some cases, organisations have made a big technology investment to ensure clients in isolated areas did not miss out on services. For example, Mr Fergus Fitzsimons stated:

...we made a decision early on that we video-conference all of our sites because of the tyranny of distance...All of our sites have to so people do not have to travel too far to get the service...We spent a lot of money setting it up and I don't know where I'm going to get the money from next time.¹⁴⁰

- 4.21 Similarly, Ms Sharon Callister, Chief Executive Officer of Salvation Army Aged Care Plus stated:

The big thing with IT is to facilitate it and any funding models need to include the fact that whilst telehealth or other IT-based initiatives are going to make it more efficient for the operators and a better experience for the clients, they are expensive to set up and those set-up costs really need to be funded as well.¹⁴¹

- 4.22 Technology innovation in the human services sector more generally, and its advantages in improving services and professional training and support, is dealt with in detail in Chapter Seven.

- 4.23 The Committee agrees that it is beyond the capacity of the non-government sector to single-handedly establish services in every small community across NSW where unmet need is identified. The Committee accepts that there are certain market gaps that non-government services cannot meet because of geography and also where client needs are particularly high.

RECOMMENDATION 10

The Committee recommends that the Department of Premier and Cabinet, the Department of Family and Community Services and the NSW Ministry of Health form an NGO Service Delivery Working Group to investigate the cost of providing human services in regional, rural and remote areas of NSW, with a view to adjusting the funding allocation to these areas, if appropriate, and ensure equity of service provision across NSW. Particular regard should be paid to travel and staff-related costs and the potential of technology to assist to address challenges in these areas.

RECOMMENDATION 11

The Committee recommends that the NGO Service Delivery Working Group investigates ways to make generic services in regional, rural and remote areas of NSW more accessible to special needs groups, such as people with a hearing impairment.

¹³⁹ Ms Nicola Rosenthal, Community Services and Business Development Manager, Salvation Army Aged Care Plus, Transcript of Evidence, 17 September 2012, p45.

¹⁴⁰ Mr Fitzsimons, Transcript of Evidence, 17 September 2012, p7.

¹⁴¹ Ms Sharon Callister, Chief Executive Officer, Salvation Army Aged Care Plus, Transcript of Evidence, 17 September 2012, p49.

Difficulty attracting and retaining staff

4.24 A significant amount of evidence has raised the difficulties encountered in attracting and retaining appropriately qualified staff in regional, rural and remote communities. This issue directly affects service quality.

4.25 Ms Nicola Rosenthal of Salvation Army Aged Care Plus, expressed it in the following terms:

Getting [staff] to local health services is a massive issue. We have heard of one remote service where, because of the impacts of the mining boom, they have a 25% turnover in the first quarter of this year and it is very difficult to try to maintain a continuity of care with those kind of pressures.¹⁴²

4.26 A significant impediment to the ability to attract qualified staff to non-metropolitan areas is that funding agreements are short-term. In its submission to the Inquiry, the NSW Government indicated that most funding agreements across the FACS agencies are for a three year term.¹⁴³ In practice, this can mean shorter periods of direct service delivery. The Committee heard a number of comments such as the following from Mr Fergus Fitzsimons of Centacare:

If you look at the length of tenders, if I can use a Federal tender as an example, Headspace, that is a 2 ½ year tender. I have to try to recruit clinicians Australia-wide to come to Tamworth and they are not going to sell up for a 2 ½ year contract.¹⁴⁴

4.27 Mr Adam Marshall, Senior Vice President of the Shires Associations of NSW made a similar observation:

...a number of our members have expressed difficulty in attracting appropriately trained and qualified staff...often, if you only have a contract for a period of one year or a period between one and three years it is hard to say, "Come and work for us. You can have a job for 12 months but we are not sure if you will still have one after that"...the further west you go the more isolated and that difficulty increases astronomically.¹⁴⁵

4.28 During inspections in March 2013, the Committee also heard that shorter term funding agreements can impact on staff retention. Centacare New England Northwest at Walgett stated that its 18 month funding agreements limit staff stability and retention, while McKillop Rural Community Services at Walgett indicated three year funding agreements are insufficient to foster long term staff commitment.

4.29 Given the difficulty in attracting and retaining appropriate staff in regional, rural and remote areas, many submissions have stressed the need for Government and non-government organisations to implement specific strategies to attract and retain staff. The Committee notes that some advances have been made on this front.

¹⁴² Ms Rosenthal, Transcript of Evidence, 17 September 2012, p45.

¹⁴³ Submission 56, NSW Government, p30.

¹⁴⁴ Mr Fitzsimons, Transcript of Evidence, 17 September 2012, pp6-7.

¹⁴⁵ Mr Adam Marshall, Senior Vice President, Shires Associations of NSW, Transcript of Evidence, 3 September 2012, p26.

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4.30 For example, progress has recently been made to pay social and community sector workers at a more competitive rate. As outlined in more detail in Chapter Five, Australian social and community sector workers won a significant salary increase after the Australian Services Union launched a successful pay equity case for them before Fair Work Australia.¹⁴⁶ This will increase wages by between 23% and 45%, and has been phased in progressively over an 8 year period from December 2012.¹⁴⁷

4.31 In addition, NSW Government witnesses indicated that the Government organises recruitment campaigns to target particular skills needed in the sector. For example, Mr James Longley, Deputy Director General of Ageing Disability and Homecare (ADHC) stated:

The challenge of workforce [in rural and remote areas] is an ongoing challenge...[ADHC's] Care Careers Program has been very successful in terms of stimulating interest in people seeking care careers in ADHC and more broadly. There are programs that we have directed specifically at that.¹⁴⁸

4.32 Ms Maree Walk, Chief Executive of Community Services in the Department of Family and Community Services also pointed to current strategies not only to recruit but to retain staff in regional, rural and remote areas:

...in Community Services, because this issue is a lot of concern for us, one of the things we look at is how we can retain staff when we recruit people. Often the issue is not so much recruiting them but actually retaining the staff as well...There are things like really supporting people with strong learning and development programs...I work with some of the peak agencies as well to be able to support them to be able to deliver training to agencies in quite far and remote areas as well.¹⁴⁹

4.33 Similarly, NGOs have strategies in place to attract and retain staff in these locations. Ms Kerry Stubbs of Northcott Disability Services told the Committee:

We have a multipronged strategy...One is trying to build up areas that professionals are interested in, such as research...Professionals will not come to an organisation just to deliver the services – that is not what they are about. They want an organisation in which they can get promotional prospects, do research and get job satisfaction. You need to build up those options for them in your organisation. That is what we are trying to do. For example, we have grown our number of therapists by threefold over the past three years by putting in place some of those strategies [and] by having flexible work practices...¹⁵⁰

4.34 Remote and rural area staffing shortages represent another area in which technology could play an important role. There is potential for coaching and

¹⁴⁶ Submission 35, Community Transport Organisation, p 8; and Australian Services Union website, <http://www.asumembers.org.au/downloads/newsletters/SACSNEWS2012/SACSNEWSV2August2012Eversiont.pdf>, viewed 10 January 2013.

¹⁴⁷ Australian Broadcasting Commission, <http://www.abc.net.au/news/2012-02-01/fair-work-orders-pay-increase-for-community-sector/3804682>, viewed 10 January 2013.

¹⁴⁸ Mr James Longley, Deputy Director General ADHC, Transcript of Evidence, 2 April 2013, p24.

¹⁴⁹ Ms Maree Walk, Chief Executive of Community Services, Department of Family and Community Services, Transcript of Evidence, 2 April 2013, p4.

¹⁵⁰ Ms Stubbs, Transcript of Evidence, 10 September 2012, p8.

mentoring of employees to take place via video conferencing where such resources do not exist on-site.¹⁵¹ This is developed in Chapter Seven.

GOVERNMENT AS A PROVIDER OF LAST RESORT

- 4.35 Given the comparatively high cost of establishing and delivering services in small communities and the lack of economies of scale, the view has been expressed strongly that Government still needs to remain as a back-stop or provider of last resort. Ms Callister of Salvation Army Aged Care Plus stated:

We do provide a number of services in remote and rural areas. Often that is the case where we are in a good position to do so but there are other areas that we would also caution that it is not really suitable because government are pretty much the only people that will be out there providing the service – I guess they are the backstop...¹⁵²

- 4.36 This view about the residual role of Government was not only expressed in the context of service provision in small communities but also in the case of very high needs clients. For example, Ms Rosenthal of Salvation Army Aged Care Plus stated that Government needs to remain as a provider of last resort:

Particularly with relation to...the very rural or remote services where non-government organisations may not want to go... [and] people with significant behaviours that pose a risk to providers where providers say, "I just do not want to go there. I cannot provide in that sector".¹⁵³

- 4.37 This is consistent with evidence provided to the Committee by Mr George Ryan and Ms Jillian Clinckett whose son has severe autism and displays extremely challenging behaviours. Mr Ryan and Ms Clinckett said that non-government organisations had been unable to provide adequate disability services for their son and that two service providers had refused to help him.¹⁵⁴ Mr Ryan and Ms Clinckett indicated that the Government now provides services directly to him through ADHC. Ms Clinckett related her experience of the service now secured by the Government provider:

...I think we are at a place now with where he is where we feel confident of them caring for him well and having his best interests at heart and doing the best they can to supply him with the best service and care possible.¹⁵⁵

- 4.38 This case provides a good example of the essential role for Government in directly providing services where there are gaps in the market due to geography or because of the complexity of a particular client's need.¹⁵⁶

¹⁵¹ Ms Stubbs, Transcript of Evidence, 10 September 2012, p6.

¹⁵² Ms Callister, Transcript of Evidence, 17 September 2012, p44.

¹⁵³ Ms Rosenthal, Transcript of Evidence, 17 September 2012, p44.

¹⁵⁴ Ms Jillian Clinckett, Private Citizen, Transcript of Evidence, 10 September 2012, p21.

¹⁵⁵ Ms Clinckett, Transcript of Evidence, 10 September 2012, p22.

¹⁵⁶ Ms Clinckett, Transcript of Evidence, 10 September 2012, p20.

RECOMMENDATION 12

The Committee recommends that the NSW Government continues to provide human services directly in all cases where there is significant risk of service failure to individuals or communities if such services are contracted out to non-government providers.

SOCIAL INTEGRATION AND DEVELOPMENT OF INTEGRATED NETWORKS OF SUPPLY AND DELIVERY

4.39 In this section, the Committee discusses other challenges faced by human service providers in regional, rural and remote areas. These relate to social integration and development of integrated networks of supply and delivery.

4.40 In order to achieve the best outcomes for regional, rural and remote communities, services must be local; service providers must have a long-term commitment to the area they are serving; and services in a geographical area must be integrated with each other, entailing better collaboration, planning and data collection.

Social integration

4.41 One of the crucial factors in achieving good human service outcomes for those living in regional, rural and remote areas, is social integration. This involves achieving community acceptance of available services and encouraging local ownership. Mr Marshall of the Shires Associations of NSW told the Committee that local services are much better at achieving this than large, centralised ones:

Larger organisations have some benefits with flexibility or innovation but our main concern with that is just the fact that they are not local services; they do not have perhaps the same ability to generate social capital and volunteers and get buy-in from the community. They do not have the local knowledge.¹⁵⁷

4.42 The Committee also heard that long-term commitment is essential to achieving social integration of human services in smaller communities. For example, Ms Eleri Morgan-Thomas, Director of Service Impact, Mission Australia, stated that:

We know that if you want to have an impact you actually have to be there for a longer period of time. You cannot just come in and go out again when your contract is up in two years. You cannot build the community relations or engage the community in developing their own future and eventually become more self-sufficient than they are at the moment. That is why we say at least nine years [for funding agreement terms] because that is three times what a lot of contracts are.¹⁵⁸

Development of integrated networks of supply and delivery

4.43 Mission Australia informed the Committee that it is important for services to be integrated with each other in small communities. As Ms Morgan-Thomas explained to the Committee:

¹⁵⁷ Mr Marshall, Transcript of Evidence, 3 September 2012, p23.

¹⁵⁸ Ms Eleri Morgan-Thomas, Director of Service Impact, Mission Australia, Transcript of Evidence, 10 September 2012, pp57.

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... it is very hard to go in and just deliver a service. We found this with employment services in the Northern Territory. If you are just there to contract and deliver an employment service and nothing else you actually cannot impact a whole lot of things. You may not be able to get somebody a job because of something else that is happening in their life or in the community over which you have no capacity to have an impact. One of the things that we decided to do was actually pull out of just delivering one single service in each community because it was basically impossible to deliver something that was having a good community outcome.¹⁵⁹

- 4.44 Ms Morgan-Thomas also explained how service integration interacts with local service provision and a longer-term commitment to the area to achieve the best outcomes for people living in such communities:

We know from our own experience that the communities that we are most active in and are most engaged with are ones where by some accident of history we have owned some property...you have got roots in it and you have got a foundation to actually go and bring in other services pretty easily...you cannot just deliver one single service where somebody else is coordinating it from Sydney or somewhere. You have actually got to be in there and be able to join up and broker solutions and things like that because you are on the ground.¹⁶⁰

- 4.45 The Committee further heard that one of the challenges to achieving more integrated services in small communities is inadequate planning and evaluation of services, which can only be rectified by improved data collection. Mr Scott Holz of National Disability Services stated:

It is really about identifying the need. I certainly cannot speak for government but I suspect that there are people who we currently do not know about. I think there are rural areas where services are on the ground and they have been doing things in a kind of reactive, ad hoc way. It would be really useful if government would try to quantify the exact need and work with the sector to provide innovative responses.¹⁶¹

- 4.46 In similar fashion, the NSW Deputy Ombudsman, Mr Steven Kinmond, indicated that there is a pressing need for improved collection and analysis of local-specific demographic and other social and economic data. This includes how many services are being funded in a particular place, especially in high needs rural and remote communities. If this information were collected, it could be used to better plan and evaluate services. Mr Kinmond stated:

[Currently] when one asks the question as to how many services are being funded in some of these communities, it can take some months before those results are established...The consequences include a failure to identify and meet the needs of the most vulnerable and the continued funding of government and non-government programs and initiatives that fail to provide a good return on investment.¹⁶²

¹⁵⁹ Ms Morgan-Thomas, Transcript of Evidence, 10 September 2012, pp56-57.

¹⁶⁰ Ms Morgan-Thomas, Transcript of Evidence, 10 September 2012, p57.

¹⁶¹ Mr Holz, Transcript of Evidence, 17 September 2012, p38.

¹⁶² Mr Steven Kinmond, Deputy Ombudsman, Community and Disability Services, NSW Ombudsman, Transcript of Evidence, 2 April 2013, p54.

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- 4.47 Mr Fergus Fitzsimons of Centacare also indicated that reporting requirements for services provided in remote locations are inadequate, adding to the dearth of data that can be used for service planning and evaluation in these areas:

We provide services to larger towns and the more remote towns. Reporting seems to be, firstly, about your major towns, such as Tamworth, and, secondly, when we talk about remote, it is the rest. It does not actually break down that you are providing a service into, say, Walgett, into Toomleah, or so on.¹⁶³

- 4.48 As outlined in Chapter Three, the Government is moving to a more localised approach to the administration of human services across NSW. Under this policy, which is still at a formative stage, each of the three divisions within FACS will move to a boundary arrangement that lines up with Local Health Districts across the State.¹⁶⁴ In addition, planning and decision-making will be less centralised with fewer senior officers in central locations such as Sydney, and a greater number located closer to local service providers, including in regional areas.¹⁶⁵

- 4.49 The Committee notes that, if managed well and combined with improved data collection practices, localisation has potential to result in superior service planning that is better attuned to local conditions.

- 4.50 Another challenge for service integration, particularly in larger regional and rural areas, is a lack of collaboration between service providers. As mentioned above, in some larger regional and rural areas multiple agencies are over-represented and do not consult each other sufficiently, leading to service duplication.¹⁶⁶ For example, Mr Fitzsimons of Centacare stated:

In Tamworth, if you send one of your senior bureaucrats to go and talk to all the agencies, we will go to the meeting and say, "Yes, we all work together" but in reality we do not work together because of competitive tendering and so on. We all perform similar work...we will give lip service to working together but we actually do not. My staff and I attend many committee meetings but because of competitive tendering, I do not believe we actually work together.¹⁶⁷

- 4.51 Collaboration between Government providers is also a challenge for service integration and one that the former Director General of FACS, Mr Moore, indicated would be aided by the Government's localisation agenda. In responding to a question about an ADHC client being unable to access the most convenient services in a rural or remote area because the service is run by Health, Mr Moore stated:

What the current Government has asked of agencies such as mine is to move to a much more integrated structure and to have a much more flexible on-the-ground arrangement so that you can overcome the sort of difficulties you are referring to.¹⁶⁸

¹⁶³ Mr Fitzsimons, Transcript of Evidence, 17 September 2012, p2.

¹⁶⁴ Mr Longley, Transcript of Evidence, 2 April 2013, p22.

¹⁶⁵ Mr Longley, Transcript of Evidence, 2 April 2013, p24.

¹⁶⁶ Mr Fitzsimons, Transcript of Evidence, 17 September 2012, p4; and Mr Millard, Transcript of Evidence, 10 September 2012, pp39-40.

¹⁶⁷ Mr Fitzsimons, Transcript of Evidence, 17 September 2012, p4.

¹⁶⁸ Mr Moore, Transcript of Evidence, 2 April 2013, p6.

- 4.52 As previously noted, under the localisation agenda each of the three divisions within FACS will move to a boundary arrangement that lines up with Local Health Districts across the State, which may assist coordination.
- 4.53 Strategies to improve integrated planning of human service delivery across the sector with longer term funding commitments will assist in creating a more attractive employment environment. Remote, regional and rural service provision will benefit from long term contracts and greater certainty about secure employment. Data collection in non-metropolitan settings must also be improved to better target areas of need.

RECOMMENDATION 13

The Committee recommends that the NGO Service Delivery Working Group should re-consider the length of funding agreements and contracts for provision of human services in regional, rural and remote areas of NSW, to ensure they reflect the length of time required to achieve agreed outcomes.

RECOMMENDATION 14

The Committee recommends that the NGO Service Delivery Working Group also reviews guidelines to ensure that funding bodies make prompt and timely decisions about whether to renew funding agreements for human services, thereby minimising service instability and disruption.

RECOMMENDATION 15

The Committee recommends that, where appropriate, to assist planning and evaluation of human services across NSW, especially in smaller communities, NGOs must supply data on each location where they provide services, regardless of the size of the location.

- 4.54 It should also be noted that these recommendations complement other recommendations made in the Committee's Interim Report and other Chapters of this Report, relating to service delivery and tendering, technology innovation and funding models.

CONSORTIA

- 4.55 Given the value of localised, integrated services for people living in regional, rural and remote areas of NSW, the Committee also explored the notion of consortia, or the bundling of services in smaller communities.
- 4.56 Outweighing any advantages of small locally-based services in more isolated communities, is the lack of necessary economies of scale to remain viable. Mr Marshall of the Shires Associations of NSW told the Committee:

....larger organisations have larger economies of scale and ability to absorb...overheads but also with the funding sometimes not being timely, they have the capital behind them to withstand that lag time in between funding...coming through where smaller organisations would not.¹⁶⁹

¹⁶⁹ Mr Marshall, Transcript of Evidence, 3 September 2012, p23.

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4.57 In similar fashion, witnesses from the Independent Commission Against Corruption (ICAC), Dr Robert Waldersee and Dr Benjamin Marx explained that smaller organisations often lack the capacity to manage their allocated funding due to the significant burden of financial reporting obligations. Dr Marx provided the example of a neighbourhood centre which received total funding of approximately \$600,000 for its programs from 11 to 15 different sources.¹⁷⁰ Dr Waldersee went on to state:

...if you are a very small operation and you have to hire a treasurer or finance person, you will blow most of your budget on that but when you have to put in a financial return and demonstrate probity to every single funding channel that comes to you...that can really start to blow your budget...¹⁷¹

4.58 Ms Rosenthal of Salvation Army Aged Care Plus also provided evidence about services that lack capacity to fulfil the terms of their contracts:

I have heard of situations in the past where a for-profit provider has submitted a tender for community-based nursing services and used up their full allocation of funds for the year within the first five months, leaving no money for the rest of the year...¹⁷²

4.59 Where such organisations founder, the Committee heard it is often left to local councils to stabilise them, or risk having the services run by larger, centrally-located organisations that do not have the same understanding of local realities or the same ability to generate social capital, and buy-in from the community.¹⁷³

4.60 As an alternative approach, some witnesses appearing before the Committee were in favour of consortia. These are partnerships between small NGOs on the one hand and larger NGOs or Government on the other, where the larger partner provides such things back-office and financial services to allow the smaller organisations to provide the service. As Professor Peter Shergold told the Committee:

The other way you can help, of course, is in making it clear that smaller organisations can come together into consortia in order to bid...I think there is value in helping small organisations, being able to benefit from shared services and back-office services, either provided with government support or through large players.¹⁷⁴

4.61 Dr Waldersee also mentioned the idea of a larger NGO acting as a service integrator:

...a large NGO does not deliver the service itself but is responsible for pulling together the smaller NGOs to deliver that service, which simplifies the interaction with government and allows government to bundle and say, "This is the outcome we want for this community. You are the integrator and you can work it out".¹⁷⁵

¹⁷⁰ Dr Benjamin Marx, Senior Research and Prevention Officer, ICAC, Transcript of Evidence, 2 April 2013, p43.

¹⁷¹ Dr Waldersee, Transcript of Evidence, 2 April 2013, p49.

¹⁷² Ms Rosenthal, Transcript of Evidence, 17 September 2012, p45.

¹⁷³ Mr Marshall, Transcript of Evidence, 3 September 2012, pp20&23.

¹⁷⁴ Professor Peter Shergold, Transcript of Evidence, 2 April 2013, p64.

¹⁷⁵ Dr Waldersee, Transcript of Evidence, 2 April 2013, p47.

4.62 The Committee notes this idea has some similarity to a current initiative of the NSW Government, namely Ability Links, under which \$26.5 million has been set aside to fund 248 non-government regional coordinators across the State. This assists people with a disability to plan for the future and develops networks within their own communities to manage their needs.¹⁷⁶

4.63 Another advantage of the consortia model may be the potential for shared resources to increase the amount of collaboration between services, assisting service integration in regional, rural and remote areas. Speaking of the co-location of services, Ms Rosenthal of Salvation Army Aged Care Plus stated:

Providing a shared resource means we have cost saving...and it is easier to talk if you share a tearoom or office building. Even if it is a rural or remote service and you have a community options case manager or a disability case manager who is there one day a week, that person still has a presence within that service and within that area.¹⁷⁷

4.64 In the Committee's view, the bundling of service provision and greater use of consortia merits further development and should be encouraged. The Committee also supports the greater integration of services by using regional coordinators.

RECOMMENDATION 16

The Committee recommends that the NSW Government actively encourages consortia arrangements and bundling of services among human services providers, where appropriate, in regional, rural and remote NSW.

RECOMMENDATION 17

The Committee recommends that the NSW Government investigates expanding the use of regional coordinators across NSW to integrate human service provision at the local level, taking account of initiatives such as Ability Links.

ABORIGINAL SERVICE PROVISION

4.65 The concluding section of the Chapter discusses the limited amount of evidence received specifically addressing service provision to Aboriginal communities in NSW.

4.66 Indigenous service provision is extremely important, given the over-representation of Aboriginal people in the Family and Community Services system.¹⁷⁸ Combined with Government's commitment to the Closing the Gap Indigenous reform agenda¹⁷⁹ which seeks to overcome Aboriginal disadvantage in a range of areas including education, employment, housing and health, the needs

¹⁷⁶ Submission 43, Physical Disability Council of NSW, p9; see also Ageing, Disability and Homecare, http://www.adhc.nsw.gov.au/individuals/inclusion_and_participation/ability_links_nsw, viewed 24 September 2013.

¹⁷⁷ Ms Rosenthal, Transcript of Evidence, 17 September 2013, p51.

¹⁷⁸ Submission 56, NSW Government, p22.

¹⁷⁹ Ms Carmen Parter, Director, Centre for Aboriginal Health, NSW Ministry of Health, Transcript of Evidence, 2 April 2013, p30.

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of Aboriginal people must be specifically addressed in any program to provide optimal health and community services.¹⁸⁰

4.67 According to the Australian Bureau of Statistics June 2006 figures, the majority of the Indigenous population in Australia lived in major cities or inner regional areas (53%).¹⁸¹ However, Indigenous people form a larger proportion of the population in regional, rural and remote areas of Australia. For example, in 2006, 43% of Indigenous people lived in regional areas, and 24% of Indigenous people lived in remote areas¹⁸² compared with 29% and 3% respectively for the general population.¹⁸³ For this reason, the disadvantages associated with living in regional, rural and remote areas could be said to disproportionately affect Aboriginal people.

4.68 Indeed, many of the themes that were raised during the course of the Inquiry also arose in relation to service provision to Aboriginal people. For example, Ms Carmen Parter, Director of the Centre for Aboriginal Health, NSW Health, indicated that the following factors were important in achieving the best outcomes for Aboriginal people:

- the need to implement what works, based on evidence
- the need for integrated planning and service delivery focussing on the way in which services can complement each other, preventing duplication and fragmentation
- the need to increase the social integration of services, especially community acceptance of them.¹⁸⁴ The Committee heard that, like the mainstream population, Aboriginal people would prefer to access services where they have an existing relationship with people.¹⁸⁵

4.69 Despite this overlap of issues concerning mainstream and Aboriginal service delivery, there is an extra layer of complexity in addressing the issues where Aboriginal service delivery is concerned, and a 'one size fits all' approach is not appropriate. Organisations must consider unique factors and develop specific strategies to increase the social integration of services provided to Aboriginal people. The Committee heard that in order to achieve community acceptance of services amongst Aboriginal people it is important that:

¹⁸⁰ Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs, <http://www.fahcsia.gov.au>, viewed 26 September 2013.

¹⁸¹ Australian Bureau of Statistics, '4704.0 – The Health and Welfare of Australia's Aboriginal and Torres Strait Islander Peoples, October 2010' Australian Bureau of Statistics website, <http://www.abs.gov.au>, viewed 26 September 2013, p2.

¹⁸² Australian Bureau of Statistics, '4704.0 – The Health and Welfare of Australia's Aboriginal and Torres Strait Islander Peoples, October 2010', p2.

¹⁸³ Australian Institute of Health and Welfare, 'Rural, Regional and Remote Health – Indicators of Health Status and Determinants of Health' Australian Institute of Health and Welfare website, <http://www.aihw.gov.au>, viewed 26 September 2013, p1.

¹⁸⁴ Ms Parter, Transcript of Evidence, 2 April 2013, p30.

¹⁸⁵ Mr Jason Ardler, General Manager, Aboriginal Affairs, Department of Education and Communities, Transcript of Evidence, 2 April 2013, p37.

- services are culturally competent and able to work effectively with Aboriginal people¹⁸⁶
- relevant historical factors are considered, for example, Mr Jason Ardler, General Manager, Aboriginal Affairs, Department of Education and Communities told the Committee that some Aboriginal people may be hesitant to access a non-government service that is connected with a church group given historical tensions between Aboriginal people and church groups following European settlement¹⁸⁷
- work is done to further build governance, leadership and decision-making capability in Aboriginal communities to allow the communities to negotiate on equal terms about the services that they want and need, rather than having services imposed on them.¹⁸⁸

4.70 In addition, the Committee was told that the strategies to improve services for Aboriginal people need to take cultural sensitivities into account. For example, Aboriginal people are more likely to access services if they are provided by other Aboriginal people¹⁸⁹. The Committee heard that there are a number of strategies to increase Aboriginal employment in the human services industry. Ms Parter informed the Committee of the following:

- local health districts employ specialist Aboriginal health workers who provide a conduit between services and Aboriginal communities to support people to access, for example, chronic care services¹⁹⁰
- consideration is being given to employing Aboriginal hospital liaison officers who support Aboriginal patients in hospital-based services and provide the follow-up services required.¹⁹¹

4.71 In its submission to the Inquiry, the NSW Government provided information about the Aboriginal Jobs Together partnership between the NSW and Commonwealth Governments, and the non-government sector, to increase Aboriginal employment in the family and community service non-government sector and build the capacity of the sector to employ Aboriginal people. Under this initiative, National Disability Services is seeking to build partnerships with up to 30 disability and community care organisations to provide traineeship and cadetship opportunities for 110 Aboriginal people across NSW.¹⁹²

4.72 More broadly, Mr Ardler advised the Committee that the Government is focussed on promoting economic development in Aboriginal communities which includes

¹⁸⁶ Ms Parter, Transcript of Evidence, 2 April 2013, p30; Mr Ardler, Transcript of Evidence, 2 April 2013, p37.

¹⁸⁷ Mr Ardler, Transcript of Evidence, 2 April 2013, p40.

¹⁸⁸ Mr Ardler, Transcript of Evidence, 2 April 2013, p40.

¹⁸⁹ Ms Parter, Transcript of Evidence, 2 April 2013, p31; Mr Ardler, Transcript of Evidence, 2 April 2013, p37.

¹⁹⁰ Ms Parter, Transcript of Evidence, 2 April 2013, p31.

¹⁹¹ Ms Parter, Transcript of Evidence, 2 April 2013, p31.

¹⁹² Submission 56, NSW Government, p22.

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boosting Aboriginal employment, and Aboriginal Affairs expects to be working with the Public Service Commission on a new Aboriginal Employment Strategy.¹⁹³

- 4.73 The Committee notes the significant and unique challenges in providing optimal human services to Aboriginal people, and in addressing Aboriginal disadvantage more generally. The Committee is confident that its recommendations, if implemented, will have positive effects for all human service clients across NSW, including Aboriginal people, especially when combined with the important work the Government is already doing in the Aboriginal Affairs portfolio, and other portfolios to specifically benefit Aboriginal people.

¹⁹³ Mr Ardler, Transcript of Evidence, 2 April 2013, p37.

Chapter Five – Workforce Issues

- 5.1 Previous Chapters of the Report have made reference to the necessity of a trained and competent workforce in order to obtain funding and to deliver quality client services. This Chapter explores the nature of the community services sector workforce, employment trends, award provisions, other industry regulatory factors and the role of volunteers.

OVERVIEW

- 5.2 The community services industry encompasses a range of occupations, including disability support workers, aged care workers, home care providers, and community housing support workers. While child care workers are commonly included in the definition of community service workers, they are outside the terms of reference for this Inquiry and will not be included in this Report.
- 5.3 The National Institute of Labour Studies estimates that there were about 490,000 Australians employed across the community service workforce sector in 2009.¹⁹⁴
- 5.4 The workforce is dominated by female employees as a consequence of the traditionally based role of women as carers and nurturers and reflects the evolution of the sector, which is historically associated with service provision by women.¹⁹⁵
- 5.5 In recent years, the industry has been characterised by several key features, including rapid growth with resultant job opportunities, the part-time and female composition of the workforce and a disparity in employment conditions throughout the sector.
- 5.6 These features represent both strengths and challenges for the industry over the medium term and recognises that changes to the way employment is managed will be necessary to develop an effective workforce.¹⁹⁶ Such changes involve the conditions and salaries of the workers as well as the ways in which the Government regulates and monitors activity within the industry.
- 5.7 The main characteristics of this sector are discussed in greater detail below.

PROFILE OF THE INDUSTRY

- 5.8 The *Contribution of the Not for Profit Sector* report released by the Productivity Commission in 2010 identified that 90% of the social and community services sector is made up of non-profit agencies.¹⁹⁷

¹⁹⁴ Bill Martin and Josh Healy, *Who Works in Community Services?*, National Institute of Labour Studies Flinders University, Adelaide, August 2010, p1.

¹⁹⁵ Ms Samantha Taylor, Executive Director, Department of Family and Community Services, Transcript of Evidence, 3 September 2012, p12.

¹⁹⁶ Submission 42, KinCare, p15.

¹⁹⁷ Submission 32, Anglicare, p8.

- 5.9 The NSW Government noted in its submission to the Inquiry that the workforce in the NGO sector has almost doubled over the past five years and this growth is expected to continue. Over 30,000 people are employed across the NGO sector in NSW, not including the many people who volunteer their own time.¹⁹⁸
- 5.10 The profile of those working in the community services industry shows that the vast majority (over 80%) of workers are female, and that most of these workers work part-time.¹⁹⁹
- 5.11 The 2006 Census data shows that an average week involves 31 hours of work.²⁰⁰ Moreover, the Census indicates that community service workers are older than the average across Australian industries, averaging 41 years of age.²⁰¹
- 5.12 There are two readily apparent trends affecting the community services workforce which present challenges for the future development of the industry, namely the rapid ageing of the workforce and the limited career and salary advancement opportunities, both of which make it difficult to retain high quality staff.²⁰²

Ageing workforce

- 5.13 The Productivity Commission report highlights the effect that the ageing of the baby boomer population continues to have, with an annual client increase of six per cent receiving Home and Community Care services between 2001-02 and 2006-07.²⁰³
- 5.14 Anglicare Sydney identified that:
- The well documented ageing of the population will have a dual effect of increasing the demand for community services while at the same time reducing the supply of skilled care workers, making the viability and sustainability of the sector an issue.²⁰⁴
- 5.15 The Salvation Army Aged Care Plus noted in its submission that one way of mitigating the effects of an ageing workforce is to keep employees working longer. Suggested ways of making this feasible for workers is for agencies to: develop phased-in retirement plans; offer job sharing options; recruit from an older demographic; and maintain older workers in the workforce longer by providing opportunities to coach and mentor new employees.²⁰⁵

¹⁹⁸ Submission 56, NSW Government, p27.

¹⁹⁹ Australian Bureau of Statistics, <http://www.abs.gov.au/AUSSTATS/abs@nsf>, viewed 12 December 2012.

²⁰⁰ Australian Institute of Health and Welfare, www.aihw.gov.au/community-services-workforce/, viewed 12 December 2012.

²⁰¹ Australian Institute of Health and Welfare, www.aihw.gov.au/community-services-workforce/, viewed 12 December 2012.

²⁰² Australian Policy Online, <http://apo.org.au/research/social-work-and-human-services-workforce>, viewed 13 December 2012.

²⁰³ Australian Productivity Commission, http://www.pc.gov.au/data/assets/pdf_file/0003/94548/not-for-profit-report.pdf, viewed 10 January 2013.

²⁰⁴ Submission 32, Anglicare, p8.

²⁰⁵ Submission 13, The Salvation Army Aged Care Plus, p6.

- 5.16 Salvation Army Aged Care Plus also noted that additional government grants may be of assistance in developing initiatives aimed specifically at recruiting older workers.²⁰⁶

Attracting staff

- 5.17 There are many elements that contribute to job satisfaction for employees, sometimes known as "hygiene" factors. These include considerations around job security, sufficient income, good relationships with supervisors, and a consistent income.²⁰⁷
- 5.18 KinCare, in its submission to the Inquiry, pointed out that these basic needs must be met to keep people motivated to stay in their job:

Community care roles in many organisations do not meet these basic needs, yet most organisations are continuing to invest in "motivational" factors rather than getting the base offer right. The need for "client centred service" is often used as an excuse to avoid addressing structural workforce issues. This is not sustainable. Investment in new models that achieve strong outcomes for staff and clients is necessary to meet future demand.

The caring nature of community care roles is attractive to many people. If we can address these hygiene factors more effectively, a much wider pool of prospective employees will be opened.²⁰⁸

- 5.19 Many employees are attracted by long term and stable career prospects. The development of long-term career pathways is an important means by which the Government and NGO sector can increase the attractiveness of community service delivery jobs to potential employees.²⁰⁹

SECTORAL EMPLOYMENT TRENDS

- 5.20 As previously noted, the Inquiry's broad ranging terms of reference cover three major groups of service delivery areas within the community services sector, namely housing, disability and home care providers. These workers are subject to differing market forces and governed by specific industry employment conditions, as set out below.

Community Housing workers

- 5.21 As a result of a government commitment to expand community housing to provide for 35% of all social housing by 2014, the industry has experienced rapid growth.²¹⁰
- 5.22 The *Community Housing Workforce Report 2011* reveals similar statistics for those who work in the community housing sector as those delivering other community services. The main characteristics of this workforce are:

²⁰⁶ Submission 13, The Salvation Army Aged Care Plus, p6.

²⁰⁷ Submission 42, KinCare, p16.

²⁰⁸ Submission 42, KinCare, p16.

²⁰⁹ Submission 73, Association of Doctors in Developmental Disability, p5.

²¹⁰ NSW Federation of Housing Associations inc., *Community Housing Workforce Report 2011*, NSW Federation of Housing Associations inc. website, <http://www.communityhousing.org.au>, viewed 1 October 2013, p1.

- an increase of 42% in the year to June 2011
 - predominantly female employees working under the Social, Community, Home Care and Disability Services Industry Award 2010
 - primarily full time employment.²¹¹
- 5.23 The majority of workers are employed in service provision roles, with 33% making up business support and senior managerial roles.²¹²
- 5.24 It is interesting to note that community housing workers are generally younger than employees in other areas of community services, suggesting a more sustainable and productive workforce.²¹³

Disability workers

- 5.25 The National Institute of Labour Studies estimates that 68,700 people were involved in delivering a range of disability services in 2009.²¹⁴ Permanent part-time employment is the most common type of employment in this sector and almost three quarters of staff were employed by a non-profit agency.²¹⁵
- 5.26 According to National Disability Services NSW, projections show that the disability workforce will need an additional 10,000 workers over the next 5 years, and that there is an increased casualisation of the workforce within the NGO sector.²¹⁶
- 5.27 Similar to other streams in the community sector and, as previously indicated, the majority of workers are women and mature age workers.²¹⁷
- 5.28 In 2009-10, the NSW Government allocated \$17 million to establish an Industry Development Fund for the disability sector. The Fund combines National Disability Services with the Department of Aging, Disability and Home Care in order to build the capacity and sustainability of services for the sector.²¹⁸
- 5.29 The NSW Disability Services Sector Directions for Industry Development Final Report outlines the main challenges for the disability workforce as being:
- a decline in the traditional disability workforce pool (women aged over 35)
 - increasing casualisation

²¹¹ NSW Federation of Housing Associations inc., *Community Housing Workforce Report 2011*, p1.

²¹² Submission 72, NSW Federation of Housing Associations, p20.

²¹³ Submission 72, NSW Federation of Housing Associations, p20.

²¹⁴ Bill Martin and Josh Healy, *Who Works in Community Services?*, p6.

²¹⁵ Bill Martin and Josh Healy, *Who Works in Community Services?*, p7.

²¹⁶ Submission 67, National Disability Services, p19.

²¹⁷ Bill Martin and Josh Healy, *Who Works in Community Services?*, p7.

²¹⁸ National Disability Services, <http://www.nds.org.au/projects/article/81>, viewed 6 February 2013.

- competition for staff between disability services and other community service industries, as well as competition between Government and non-government operated disability facilities.²¹⁹
- 5.30 The report notes that a website dedicated to community service work, carecareers.com.au, has been established to increase the pool of workers available to the community services sector and to promote the retention of suitable candidates. This website is managed by National Disability Services and sponsored by the NSW Government.²²⁰
- 5.31 Mr Scott Holz, State Manager of National Disability Services NSW described the projectABLE initiative that has been developed to target school leavers and to raise awareness of disability issues and careers in the disability sector.²²¹ It is hoped that this project will increase the potential numbers of employees into the future.
- 5.32 Mr Holz told the Committee that the majority of disability services are operated by organisations funded by Ageing, Disability and Homecare (ADHC).²²²

LEGISLATIVE PROVISIONS

- 5.33 Workers in the community sector are employed under the Social, Community, Home Care and Disability Services Industry Award 2010 (SCHCADS Modern Award).
- 5.34 The SCHCADS Modern Award was introduced in January 2010 in order to consolidate the 40 different awards which previously applied to workers in the social and community services industry.²²³ The SCHCADS Modern Award was designed to bring all social and community service workers to a consistent level of classification and pay scale. From 1 July 2012, all workers in the sector were required to be classified under the new Award and paid accordingly.²²⁴
- 5.35 In addition to the introduction of the new SCHCADS Award, employees in the community services sector also won a significant salary increase in 2012.
- 5.36 As previously indicated, the vast majority of workers in the industry are women and it has long been recognised that women have been paid less than men. Based on this gender discrepancy, the Australian Services Union launched a pay

²¹⁹ National Disability Services, *NSW Disability Services Sector Directions for Industry Development Final Report*, June 2010, National Disability Services website, <http://www.nds.org.au>, p36.

²²⁰ National Disability Services, *NSW Disability Services Sector Directions for Industry Development Final Report*, p36.

²²¹ Mr Scott Holz, State Manager of National Disability Services NSW, Transcript of Evidence, 17 September 2012, p40.

²²² Mr Scott Holz, State Manager of National Disability Services NSW, Transcript of Evidence, 17 September 2012, p36.

²²³ Australian Services Union, <http://www.asumembers.org.au/downloads/newsletters/SACSNEWS2012/SACSNEWSV2August2012Eversiont.pdf>, viewed 10 January 2013.

²²⁴ National Disability Services, <http://www.nds.org.au/projects/article/141>, viewed 6 February 2013.

equity case in 2011, arguing that social and community sector workers in the non-profit sector were underpaid due to their gender.²²⁵

5.37 Fair Work Australia found this a valid argument and in June 2012 handed down an Equal Remuneration Order for people employed under the SCHCADS Modern Award.²²⁶

5.38 This will increase current wages by between 23 and 45 per cent, bringing the total highest salary to approximately \$83,000.²²⁷ The changes will be phased in progressively over an eight year period, which began in December 2012.

5.39 Ms Samantha Taylor, Executive Director, Service Development, from the Department of Family and Community Services, told the Committee that:

So I would expect it will be some time before we will see any dramatic change in the shape of the workforce, but there is no doubt that the prospect of a 46 per cent pay increase, coupled with changes in the modern award with higher classifications coming into being, will make this a more attractive place to work, and may see some more males coming into the workforce; but it may also attract women with higher qualifications. Part of the modern award is also about trying to encourage people in the workforce currently—obviously, the majority of women—to attain higher level qualifications to allow them to progress through that new classification structure.²²⁸

5.40 This pay rise is applicable to social and community services employees and crisis accommodation employees, but not those employed in home care.²²⁹

Funding the Award

5.41 The Federal Government introduced the Social and Community Services Pay Equity Special Account with approximately \$2.8 billion of funding, on the basis that the States and Territories will also contribute to funding the pay rise.²³⁰

5.42 While the increase to the Award was welcomed and the importance of the special equity account acknowledged, several submissions to the Inquiry highlighted the importance of the pay rises being managed and funded appropriately by Government.²³¹

5.43 Anglicare Sydney expressed its concerns as follows:

²²⁵ Submission 35, Community Transport, p8.

²²⁶ Australian Services Union, <http://www.asumembers.org.au/downloads/newsletters/SACSNEWS2012/SACSNEWSV2August2012Eversiont.pdf>, viewed 10 January 2013.

²²⁷ Australian Broadcasting Commission, <http://www.abc.net.au/news/2012-02-01/fair-work-orders-pay-increase-for-community-sector/3804682>, viewed 10 January 2013.

²²⁸ Ms Samantha Taylor, Executive Director, Service Development, Department of Family and Community Services, Transcript of Evidence, 3 September 2012, p12.

²²⁹ Fair Work Australia, <http://www.fairwork.gov.au/industries/social-and-community-services/pay/pages/equal-remuneration-order.aspx>, viewed 10 January 2013.

²³⁰ Department of Families, Housing, Community Services and Indigenous Affairs, <http://juliecollins.fahcsia.gov.au/node/268>, viewed 12 December 2012.

²³¹ Submission 65, Combined Pensioners and Superannuants Association, p7.

Anglicare supports endeavours to achieve equal remuneration but is mindful of the implications that such significant wage increases will have on service delivery if such increases are not underwritten by the relevant funding bodies...Unfunded increases in wages for the workers on the Modern Award will result in the loss of jobs, loss of hours for casualised and part time staff and the reduction of staff in a number of work teams. This not only impacts those that lose jobs but for those remaining it has adverse effects of morale and productivity. Reduction of staffing also on the skills base of teams which will have a detrimental flow on effect to the quality of care and support available to those in need. Undoubtedly it will also mean cut backs in service delivery leading to inability to deliver services and/or long waiting lists. Both scenarios lead to stress for staff and clients as needs go unmet.²³²

- 5.44 Northcott Disability Services also "supports Government to fully fund services it has transferred to the NGO sector, with funding levels in keeping with wage increases."²³³
- 5.45 Mr Grant Millard, Chief Executive Officer of Anglicare Sydney, told the Committee that the State Government should fully fund the Award increases made under the Equal Remuneration order.²³⁴
- 5.46 Ms Lynette Fraser, Research Officer for the United Services Union also believes that the Government needs to support this increase:

The problem is that you need to have governments carry through in ensuring that the organisations are adequately funded to meet those obligations because certainly pay equity is a big issue in community services, which is a predominantly female-dominated work area that has been undervalued for a long time.²³⁵

- 5.47 The increase in operating costs under the new SCHCADS Award for organisations funded through Commonwealth-State Agreements will be met through joint funding provided by both the Commonwealth and State Governments. NGOs funded directly by the State Government will have their supplementation payments managed by the organisation's Funding Agreement Manager and the relevant State Government.
- 5.48 The Committee also received evidence that the Government cannot take full responsibility for managing the Award increase. Mr James Moore, former Director General of the Department of Family and Community Services told the Committee that:

If you try to offload the totality of that challenge to saying, "Well, it is the Government funding responsibility", as an organisation you are probably not standing up as a good employer who is able to say, "Well, I'm prepared to commit to my staff and take on those risks." That is a challenge.²³⁶

²³² Submission 32, Anglicare, p9.

²³³ Submission 28, Northcott Disability Services, p7.

²³⁴ Mr Grant Millard, Chief Executive Officer, Anglicare, Transcript of Evidence, 10 September 2012, p34.

²³⁵ Ms Lynette Fraser, Research Officer, United Services Union, Transcript of Evidence, 17 September 2012, p18.

²³⁶ Mr James Moore, Director General, Department of Family and Community Services, Transcript of Evidence, 3 September 2012, p14.

- 5.49 In August 2013, the Department of Social Services announced that the Commonwealth, State and Territory Governments had been working together to develop a process to deliver the funding, and that the Commonwealth had issued its final offers to the State and Territory Governments.

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The Committee recommends that the Commonwealth and NSW Governments work together to ensure that the outcomes of the SCHCADS Award are implemented effectively and finalise the funding arrangements as a matter of urgency.

Other factors

- 5.50 While this increase to the Award wage was widely regarded as positive, Mr Greg Hancock, in a private submission, believes that this alone is not sufficient to attract skilled staff and that there is an important role to be played by the offering of incentives such as salary packaging.²³⁷
- 5.51 Ms Margaret Kay, Senior Policy Officer for the Local Government and Shires Association, pointed out to the Committee that there are some advantages that the NGOs have over local Council employees:
- The only other thing that some of the councils have mentioned is that the not-for-profit sector has the fringe benefits, tax benefits for staff. So that is something that councils quite often cannot compete with in terms of salaries.²³⁸
- 5.52 The Endeavour Foundation suggested that:
- ...recognition of the Sector as a Service industry and development of an Industry Plan would provide the framework, structure, support and incentives to gain a whole view perspective on the complexities, challenges, opportunities and volume of work that needs to be undertaken in the near future in a planned and strategic way.²³⁹
- 5.53 A witness appearing before the Committee as the parent of a son with disability told the Committee that security of employment is a major factor in retaining staff and this is likely to have a positive effect on government employees:

I am a government employee and security of tenure and things like that give you a comfortable feeling about where you are employed whereas working for an NGO perhaps might not be quite the same. I think a lot of people like to work for the Government because they know they can commit to buying things or doing things because they have security of employment. That way you get experienced staff because they have been there for some time.²⁴⁰

²³⁷ Submission 1, Mr Greg Hancock, p4.

²³⁸ Ms Margaret Kay, Senior Policy Officer, Local Government and Shires Association, Transcript of Evidence, 3 September 2012, p27.

²³⁹ Submission 77, Endeavour Foundation, p5.

²⁴⁰ Ms Jillian Clinckett, Transcript of Evidence, 10 September 2012, p22.

Main issues facing the industry

Growth of the industry

5.54 The most striking trend in this industry over the past decade, which is expected to continue, has been significant growth in the workforce. Growth in the combined health and community services industry is expected to reach 3% per annum, compared with an estimated growth of 1.3% for all industries.²⁴¹

5.55 This trend was also reflected in evidence to the Committee, with Mr Moore indicating that:

I will just add that the biggest challenge facing the non-government sector, not just in New South Wales but certainly for us in Family and Community Services, is growth. The requirement in the out-of-home care sector will be for it to grow 500 per cent in about five years. Disability is growing in the non-government sector to the tune of approximately 10 per cent a year. That would be my guess. It is doubling. It seems to have doubled in the last five years and it is anticipated to do so again over the length of Stronger Together Two. As you rightly point out, these services are actually people. Machines do not do this work. It is not capital work. It is actually human beings.

... but certainly it is one of the most difficult challenges in policy setting terms to be able to make sure you can get the right labour flowing into the sector because it is a problem that the Government cannot walk away from, even if it was entirely non-government delivered services or entirely for-profit delivered services, if there are no workers there doing the jobs.²⁴²

5.56 Many organisations who made submissions to the Committee described the rapid growth of the industry and how it affects them. Northcott Disability Services noted:

Over the past 4 years Northcott has seen a 46% growth in staff numbers; with an average prediction of staff growth at 15% per annum. Northcott anticipates this growth rate to continue.²⁴³

5.57 The Deaf Society of NSW noted that while demand for Auslan interpreters has grown by almost 20% per annum, translators are being trained at a slow rate, resulting in a severe shortage of competent translators.²⁴⁴

Recruitment and retention of staff

5.58 The provision of effective client services requires the ability to recruit appropriately qualified staff. While the industry itself is growing, a parallel trend highlighted in evidence received by the Committee, shows that many employers are finding it difficult to attract suitable workers.²⁴⁵ Various reasons are attributed to the industry's lack of attractiveness and high staff turnover,

²⁴¹ Department of Family and Community Services, *Home and Community Care Workforce Project Final Report*, September 2011, Ageing, Disability and Homecare website, <http://www.adhc.nsw.gov.au>, viewed 12 December 2012, p6.

²⁴² Mr Moore, Transcript of Evidence, 3 September 2012, p14.

²⁴³ Submission 28, Northcott Disability Services, p6.

²⁴⁴ Submission 23, Deaf Society of NSW, p7.

²⁴⁵ Department of Family and Community Services, *Home and Community Care Workforce Project Final Report*, p6.

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including low rates of pay, work stress, inadequate support and lack of training.²⁴⁶

- 5.59 The disparity in salaries between different providers within the sector is a significant issue. This is particularly pronounced in the disparate conditions applying between employees in the Government and the non-government sector and constitutes a significant hurdle when trying to recruit new staff.²⁴⁷
- 5.60 It is interesting to note that the responses of service providers to the Family and Community Services *Home and Community Care Workforce Project Report* contrast the importance of staff being paid at award rates against other financial benefits such as salary packaging, suggesting that money is not necessarily the primary driving factor in staff retention.
- 5.61 The responses indicate that it is more important to have a commitment to community care and that this level of commitment, along with on-the-job training, are integral factors in retaining staff.²⁴⁸ This supports other evidence received by the Committee, discussed earlier in this Chapter, concerning the importance of 'hygiene' factors as a contributing factor to work satisfaction.
- 5.62 As mentioned earlier, in an effort to attract staff to community service positions, the NSW Government together with the National Disability Services have established the CareCareers website which aims to strengthen recruitment practices and present a positive image of the sector, thus enhancing the sector's capacity to produce positive outcomes.²⁴⁹
- 5.63 The CareCareers website enables 300 organisations to source their staff and access new recruits, as well as contacting people already working in the sector.²⁵⁰
- 5.64 While recognising that salary conditions and wage parity with government employees is important, other intrinsic factors also contribute to the attractiveness of working in the non-government community sector.
- 5.65 The Committee supports all initiatives to improve the recruitment and retention of NGO staff, including recognition of the difficulties of service provision in remote areas and the need for improved training opportunities for staff. These issues are addressed in recommendations set out elsewhere in the Report.

Rural and regional issues

- 5.66 A common theme referred to in submissions and in evidence taken at public hearings concerns the difficulty in attracting appropriately qualified workers in regional and rural areas.²⁵¹
- 5.67 The Local Government and Shires Associations of NSW commented that:

²⁴⁶ Social Policy Research Centre, *Labour dynamics and the non-government community services workforce in NSW*, July 2009, Social Policy Research Centre website, <http://www.sprc.unsw.edu.au>, viewed 12 December 2012, pv.

²⁴⁷ Submission 2, Network of Alcohol and Drug Agencies, p2.

²⁴⁸ Department of Family and Community Services, *Home and Community Care Workforce Project Final Report*, p8.

²⁴⁹ Submission 64, Life Without Barriers, p3.

²⁵⁰ Mr Moore, Transcript of Evidence, 3 September 2012, p13.

²⁵¹ Submission 28, Northcott Disability Services, p7.

For Local Government, particularly in rural areas, staff retention is often an issue, both for council employment and in NGOs. Disparity in pay rates between government and non-government providers can make it difficult to retain staff in community services.²⁵²

- 5.68 In evidence provided to the Committee, Ms Kerry Stubbs, Chief Executive Officer, Northcott Disability Services, explained some of the challenges faced in attracting qualified professionals to work in regional and remote areas:

We struggle with it. We have a multipronged strategy around that and we have done a number of things. One is by trying to build up areas that professionals are interested in such as research. You need to be a multifaceted organisation. Professionals will not come to an organisation just to deliver the services—that is not what they are about. They want an organisation in which they can get promotional prospects, do research and get job satisfaction. You need to build up those options for them in your organisation. That is what we are trying to do. For example, we have grown our number of therapists by threefold over the past three or four years by putting in place some of those strategies, by having flexible work practices and by a lot of hard work...We have reviewed our remuneration. We still cannot compete. In terms of therapists our biggest competitor is the Health department.²⁵³

- 5.69 In response to a question from the Chair about rural and regional recruitment, Ms Elizabeth Saunders, Chief Executive officer of Calvary Silver Circle, explained that "It is certainly a challenge to get appropriate people to be case managers in most of those places".²⁵⁴

- 5.70 Ms Nicola Rosenthal, Community Services and Business Development Manager of the Salvation Army Aged Care Plus, provided an example to the Committee of the high staff turnover in remote areas:

We have heard of one remote service where, because of the impacts of the mining boom, they have 25 per cent staff turnover in the first quarter of this year and it is very difficult to try to maintain a continuity of care with those kinds of pressures.²⁵⁵

- 5.71 Access to and availability of services in rural and regional parts of the State, as well as indigenous client service provision, and the creation of incentives for rural and remote employment has been covered in greater detail in Chapter Four of the Report.

GOVERNMENT VS NON-GOVERNMENT EMPLOYMENT

- 5.72 Variation in conditions and salaries between staff employed in government and non-government organisations has also been identified as an issue of concern during the Inquiry. Inequities in employment conditions have an inevitable effect on workforce participation, levels of involvement and commitment, as well as outcomes for clients. As the vast majority of workers in the social and community

²⁵² Submission 58, Local Government and Shires Association of NSW, p14.

²⁵³ Ms Kerry Stubbs, Chief Executive Officer, Northcott Disability Services, Transcript of Evidence, 10 September 2012 p8.

²⁵⁴ Ms Elizabeth Saunders, Chief Executive Officer, Calvary Silver Circle, Transcript of Evidence, 10 September 2012, p65.

²⁵⁵ Ms Nicola Rosenthal, Community Services and Business Development Manager, Salvation Army Aged Care Plus, Transcript of Evidence, 17 September 2012, p45.

services sector work for NGOs, this is a critical issue for service providers as well as funding agencies.

Conditions

- 5.73 Many submissions indicated that salaries and working conditions are more favourable for government agency employees than those working for NGOs:

I have worked in both private and public sectors and have been paid at a respectable professional rate with permanent hours since I have worked in the Public sector. Many private sector services offer disjointed hours of work, with many casual staff and a poor ratio of staffing to client needs.²⁵⁶

- 5.74 The Association of Children's Welfare Agencies described why the conditions are not seen as being attractive for NGO workers:

A history of poor remuneration, cyclic funding arrangements, and under-resourcing, in conjunction with the complexity of the work, has meant that non-government sector community service delivery is not viewed as an attractive employment option to jobseekers and young people making career decisions. This issue is especially felt in regional, rural and remote areas.²⁵⁷

- 5.75 There is a commonly held belief that NGO staff tend to work under higher levels of stress due to their workload and that they are often worried about a lack of job security.²⁵⁸

- 5.76 The increasing casualisation of the workforce raises its own issues, with some submissions noting that casual staff are likely to be worse off than those employed on a permanent basis:

HACC workers in the non-government sector face difficult working conditions, particularly those working on a casual basis. CPSA understands that these workers must have access to a car, and are only paid for the care hours they provide and not transport time between different homes.²⁵⁹

- 5.77 The Sydney Children's Hospitals Network also noted that:

The non-government sector offers less job security and at times lower rates and less regulated pay.²⁶⁰

- 5.78 Ms Paterson, HACC Development Officer from Sutherland Shire, put an alternative view in evidence to the Committee as follows:

The interesting differential I see is that government workers who work at field worker level—so those sorts of in-home workers employed by the Home and Community Care Service—tend to stay in their jobs for many years. However, the people at higher levels, at policy and project officer levels who are the people we deal with seem to change very often. In fact, non-government organisation workers

²⁵⁶ Submission 25, Partially Confidential, p1.

²⁵⁷ Submission 71, Association of Children's Welfare Agencies, p4.

²⁵⁸ Ms Tracy McMillan, Transcript of Evidence, 10 September 2012, p13.

²⁵⁹ Submission 65, Combined Pensioners and Superannuants Association, p8.

²⁶⁰ Submission 81, Sydney Children's Hospitals Network, p4.

like me have become the corporate memory of the Home and Community Care program and community care in general.²⁶¹

- 5.79 Some clients who have been on the receiving end of social service delivery related their positive experiences of services offered by government-run agencies:

I feel the government staff is very highly trained. I suppose because of tenure and long service with the Government they retain very highly qualified people—a lot of ex-psych nurses and so forth. I feel with an NGO you are not going to get that level of expertise and experience. NGOs usually look for the cheapest staff. I am wondering also if it was to go to an NGO, which operate on a theory of profit, what is going to be cut, like staffing for instance. Experience and quality may go out the window with staffing and also staffing numbers.²⁶²

- 5.80 In an individual submission to the Inquiry, Mr Luis Fernandez-Maldonado believes that the workers employed by government agencies have the "commitment to go the extra mile".²⁶³

- 5.81 These sentiments are echoed in several other submissions to the Inquiry, including the following partially confidential submission:

I am a Disability Support Worker and have worked in both the private and government sectors, and I am appalled at the conditions of the clients and the workers in some of the group homes in the private sector. The government sector is far...superior.²⁶⁴

- 5.82 According to another partially confidential submission:

Not only are government run services of a higher standard and due to higher wages for staff able to employ better skilled workers, there is a much better monitoring and accountability than that provided in privatised services.²⁶⁵

- 5.83 Evidence was also received that there are additional advantages for the clients of government agencies. A partially confidential submission from a Team Leader in a group home made the point that there are more positive long term outcomes for clients of government agencies and that ADHC sets a standard of service provision that other non-government agencies should aspire to.²⁶⁶

- 5.84 Another submission writer commented that:

A confidence level is offered to families and the individuals receiving the service that is unsurpassed by private organisations. The policy and procedures that ADHC is governed by far surpass that of the private sector's. This provides a safety network for all. Staff members who are trained professionals that provide a level of support and care that is unsurpassed. If the Government replaces ADHC the community will

²⁶¹ Ms Melinda Paterson, HACC Development Officer, Sutherland Shire, Transcript of Evidence, 10 September 2012, p28.

²⁶² Ms Clinckett, Transcript of Evidence, 10 September 2012, p18.

²⁶³ Submission 44, Mr Luis Fernandez-Maldonado, p1.

²⁶⁴ Submission 45, Partially Confidential, p1.

²⁶⁵ Submission 49, Partially Confidential, p1.

²⁶⁶ Submission 9, Partially Confidential, p1.

be penalised by decreased support and choice. We all live with in a modern society, have a right to make a choice of where we live and who we wish to live with and where we obtain the services that we require. Vulnerable individuals within our society should be awarded with the same rights of choice that you and I are. As the private sector employees have recently been awarded an equal working Award as public sector workers this will not be a cost saving exercise just one that removes freedom of choice.²⁶⁷

5.85 Ms Tracey McMillan noted that the ratio of workers needed to provide support is better managed by government agencies and these agencies also tend to employ more qualified workers with a lower staff turnover, thus providing more consistency for clients. She stated that:

I have seen 1st hand staff in government organisations more skilled and client focused where in the non-government organisations staff less skilled and greater responsibility and wage driven.²⁶⁸

5.86 Ms McMillan further explained that it is common to have a ratio of two workers to five clients in government-run houses but this may reduce to one staff member for four clients in an NGO.²⁶⁹ This will not only have a positive effect for the clients but also reduce the workload and associated stress for the care workers.

5.87 In contrast to the common view that government employees are better off, one submission received by the Committee stated that if the disability sector is privatised it may lead to a "loss of experienced and competent staff in the public sector" and that "NGOs often reward senior managers with extravagant salary packages".²⁷⁰

Remuneration

5.88 As previously noted in this Chapter, salary is a key concern for those working in and managing this industry. Submissions expressed a universal view that the Equal Remuneration Order will have a positive effect on staff attraction and retention.

5.89 Despite the positive feedback about the Equal Remuneration Order, there remains a significant discrepancy between salary scales for government and NGO employees in the social and community services field. Workers employed directly by government agencies are paid according to Departmental employment conditions, whereas those employed by an NGO are paid under the SCHAHS Modern Award.

5.90 The Committee heard evidence about the substantial salary difference between the two sectors, where remuneration rates vary enormously even when workers are performing similar duties:

²⁶⁷ Submission 10, Partially Confidential, p1.

²⁶⁸ Submission 19, Ms Tracy McMillan, p1.

²⁶⁹ Ms Tracy McMillan, Transcript of Evidence, 10 September 2012, p11.

²⁷⁰ Submission 21, Partially Confidential, p1.

When you get to the first line of management, what we call a team leader in a government house, the team leader is within the house looking after that house and running that house, and they are on roughly about 80 grand a year versus non-government where they are on \$24 or \$25 an hour, but they are controlling four to eight houses...It would be probably about \$45,000 to \$55,000 versus \$80,000 to \$85,000.²⁷¹

5.91 Ms Melinda Paterson, Sutherland Shire Home and Community Care Development Officer, agrees that government employed staff are paid more and that there could be as much as a 20% difference in salary between workers in similar roles.²⁷²

5.92 Ms Elizabeth Saunders, Chief Executive Officer, Calvary Silver Circle also reinforced the point that government salaries are higher than in the NGO sector and that this has to be offset against a "passionate client focus".²⁷³

5.93 Mr Fergus Fitzsimons, Chief Executive Officer of Centacare, described the difference in salary that can apply, as well as some of the other difference in working for an NGO rather than a government organisation:

At the State level it is quite difficult because we have roughly 12 psychologists on our books and they earn about \$20,000 a year less than they would in NSW Health. Why do they come and work with us? It is because we offer a diverse group of services, so it is interesting for them. The last few we have had, that is the reason why they have stayed with us. We have both interns and qualified psychologists. It is the same thing with counsellors, mediators and so on. It is because of the diverse range; it is definitely not for the money. They are on less.²⁷⁴

5.94 Mr Greg Hancock noted in his submission that many of the NGO organisations are able to offer salary packaging to their employees, which is what enables them to compete even though their salaries are lower.²⁷⁵

Training and professional development

5.95 The importance of training is raised in several submissions, which expressed the opinion that employees working for the Government had access to more and better training, and that this had a positive benefit for clients of their services.²⁷⁶

5.96 Dr Bee Hong Lo recommended in his submission that a special workforce be established to "include developmental general practitioners/physician, allied health professionals, and nurses, to mentor and involve in educational programs of NGOs' staff".²⁷⁷

²⁷¹ Ms McMillan, Transcript of Evidence, 10 September 2012, p14.

²⁷² Ms Melinda Paterson, Community Care Development Officer, Sutherland Shire, Transcript of Evidence, 10 September 2012, p27.

²⁷³ Ms Elizabeth Saunders, Chief Executive Officer, Calvary Silver Circle, Transcript of Evidence, 10 September 2012, p65.

²⁷⁴ Mr Fergus Fitzsimons, Chief Executive Officer, Centacare, Transcript of Evidence, 17 September 2012, p9.

²⁷⁵ Submission 1, Mr Hancock, p3.

²⁷⁶ Submission 55, J Wood, p1.

²⁷⁷ Submission 47, Dr Bee Long Ho, p3.

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5.97 The Mountains Community Resource Network noted in their submission that:

No doubt due to the rapid growth of the social housing provider, staff at Wentworth Community Housing often lack the necessary training and experience to deal with the (apparently escalating) issue of homelessness in the Blue Mountains.²⁷⁸

5.98 As an example of the lack of sufficient training that has sometimes been seen in the NGO sector, the Committee was told about a situation where staff were given very rudimentary training. Despite its inadequacy, trainees certified that it was appropriate and comprehensive as they were worried about their job security.²⁷⁹

5.99 Ms McMillan provided a further example to the Committee where a lack of training has the potential to cause serious damage:

I walked in and spoke to the casual worker and said, "What's the problem here?" It was explained that she had a new medication given to her from the hospital and it was a liquid form of a psychotic type drug and it said on the bottle ".25 mls" so the worker explained, "I gave her a spoonful, didn't have a measuring cup." I said, "A spoonful?" That is bigger than 2.5. The conversation continued on and then it was down to he gave her a teaspoon and it continued down. I said, "No, .25 is not even one millilitre, it's a few drops." He didn't have anything to measure it with.²⁸⁰

VOLUNTEERS

5.100 Volunteers are an essential part of the community services sector. The Committee heard from several organisations about the extent to which they rely on volunteer work, without which they would not be able to operate. The amount of the contribution of volunteer effort is often not appreciated and valued commensurately with the level of personal investment involved.

5.101 Michael Bleasdale, Executive Director, Attendant Care Industry Association emphasised the importance of volunteers as part of the community services workforce.²⁸¹

5.102 Ms Nicola Sloan, Executive Officer of the Illawarra Forum Inc explained that different organisations rely upon volunteer services in different ways and some, like Meals on Wheels, more than others.²⁸² More than three quarters of those who work for the Sutherland Shire Community Transport organisation are volunteers.²⁸³ The Aged Care Plus arm of the Salvation Army employs over 350 volunteers.²⁸⁴

5.103 Ms Fraser from the United Services Union told the Committee that in some areas there are significant shortages of volunteers:

²⁷⁸ Submission 69, Mountains Community Resource Network, p4.

²⁷⁹ Ms McMillan, Transcript of Evidence, 10 September 2012, p12.

²⁸⁰ Ms McMillan, Transcript of Evidence, 10 September 2012, p13.

²⁸¹ Mr Michael Bleasdale, Executive Director, Attendant Care Industry Association, Transcript of Evidence, 17 September 2012, p12.

²⁸² Ms Nicola Sloan, Executive Officer, Illawarra Forum Inc, Transcript of Evidence, 17 September 2012, p32.

²⁸³ Mr Paterson, Transcript of Evidence, 10 September 2012, p27.

²⁸⁴ Mr Adam Farrar, Executive Director, NSW Federation of Housing Associations, Transcript of Evidence, 17 September 2012, p46.

Volunteers do fabulous work in the community but you will be aware that there are reports of reductions in the number of volunteers who are able to give that input. In some areas such as the Weddin Council local government area the volunteer crisis has become quite serious and so in areas where non-government community organisations used to be able to do some activity now local government is picking up and identifying gaps in some of those areas.²⁸⁵

- 5.104 Ms Paterson from Sutherland Shire Home and Community Care Development Inc, told the Committee that community service organisations are heavily dependent on volunteers, possibly to the detriment of their funding arrangements:

One has to remember in the Home and Community Care program that a lot of our staff are not paid at all because we place a heavy reliance on volunteers for service delivery. Obviously some people are happy doing that and they are not looking for paid work and there is certainly a lot to be said for social capital. It has been my belief over the years that some Home and Community Care services in my area have been funded at less than what they should be with the expectation that they are going to use volunteers. Government departments are never asked to use volunteers.²⁸⁶

- 5.105 The importance of adequate funding and the role of volunteers was expressed in the following terms by Ms Nicola Sloan, from the Illawarra Forum:

...we value our volunteers as important to our work. We believe that funding should include a component to enable the support and resourcing of volunteers and the administrative requirements such as police checks. Volunteers have a role in an organisation but that does not mean that they should take on the work of paid workers—they should augment that.²⁸⁷

- 5.106 Although not paid, it is equally important that volunteers are appropriately trained and equipped to deal with the situations they may face as part of their work. Any accreditation or quality assurance system that is developed should mandate that volunteer training be included.

- 5.107 This is a point reinforced in evidence given by Ms Kerry Stubbs, Chief Executive Officer of Northcott Disability Services, when asked about including the role of volunteers in a quality assurance system:

I think there are a couple of things. There is certainly the way that the organisation itself recruits volunteers, which could be part of the quality system. We have a volunteer coordinator, for example, who keeps lists of the volunteer opportunities, matches up volunteers to opportunities and works with the volunteers to find the right fit for them. I think that is part of quality and part of a quality system. Then clearly the volunteers have to undergo mandatory checks because once again we are talking about clients and we are often talking about children. Our first responsibility is to protect our clients and particularly the children. That is part of a quality system. We need the same assurances from volunteers as we do from staff that they are fit

²⁸⁵ Ms Lynette Fraser, Research Officer, United Services Union, Transcript of Evidence 17 September 2012, p19.

²⁸⁶ Ms Paterson, Transcript of Evidence 10 September 2012, p27.

²⁸⁷ Ms Nicola Sloan, Executive Officer, Illawarra Forum Inc, Transcript of Evidence 17 September 2012, p31.

and proper people to be providing those services. Then we need to support them appropriately, train them appropriately and to provide them with what they need to do their volunteer work. I do not see any of that as outside a quality system; I think that is all very much part of a quality system.²⁸⁸

5.108 In the Committee's view, volunteer contribution in the community sector is pivotal to the viability of service provision. Although there is general recognition of the benefits of this contribution, it is not reflected in the investment in volunteer training. This must be addressed as a matter of priority, by acknowledging and incorporating its role in funding arrangements and quality assurance mechanisms.

RECOMMENDATION 19

The Committee recommends that all service contracts for not-for-profit home care, disability and housing providers recognise the role and contribution of volunteers, by incorporating a training component for volunteers as part of the funding formula.

RECOMMENDATION 20

The Committee recommends that the provision of volunteer training also be incorporated in quality assurance mechanisms associated with funding contracts.

²⁸⁸ Ms Kerry Stubbs, Chief Executive Officer of Northcott Disability Services, Transcript of Evidence, 10 September 2012, p5.

Chapter Six – Philanthropic Funding

- 6.1 This Chapter examines the nature of philanthropy in the delivery of community services, its benefits and the emergence of new mechanisms to enhance its efficacy.

BACKGROUND

- 6.2 Historically, community service provision has been planned and delivered through a mix of government and non-government arrangements. Until recently, a substantial amount of service delivery has been provided by the State, funded through taxation revenue. This is not to understate the substantial role played by the NGO sector, which has partnered with government agencies under a range of different funding mechanism as well as through their own fund raising activities, including donations and voluntary contributions.
- 6.3 While there has always been an element of private contribution and investment, private philanthropy is increasingly viewed in a partnership role with Government in building sustainable social services for the benefit of local communities. Philanthropic institutions, corporate entities and private benefactors contribute in various ways to supplement the resources and activities of community sector NGOs.

CURRENT POSITION

Role of philanthropy

- 6.4 The two main types of philanthropy identified in this area of service provision are charitable donations made to organisations, encouraged through taxation incentives, and the use of social bonds.
- 6.5 Mr Scott Holz, State Manager of National Disability Services NSW, described it in the following terms:
- The non-government sector has the capacity to be embedded within its local communities and for every dollar that is spent it will get extra-added value from the efforts of volunteers, private philanthropy and just generally in working collaboratively together as a sector without that profit motive there.²⁸⁹
- 6.6 Organisations receive funding from a variety of sources including government funding and private fundraising. Some philanthropic organisations provide grants for which non-government community organisations can apply.
- 6.7 The importance of fundraising and philanthropic support was outlined by the Salvation Army Aged Care Plus in its submission to the Committee, which highlighted opportunities for philanthropy to:

²⁸⁹ Mr Scott Holz, State Manager, National Disability Services NSW, Transcript of Evidence, 17 September 2012, p36.

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- support turning research into practice
- support innovative models of care
- develop partnerships to address specific issues
- facilitate cross sectoral and multi-disciplinary discussion and action.²⁹⁰

6.8 The Deaf Society of NSW cautioned that while there is a role to be played by philanthropy, it is important to ensure that it is carried out in a sensitive manner and does not compromise the dignity of service users or promote any sense of obligation.²⁹¹

6.9 Northcott Disability Services, in its submission, emphasised the importance of using private sponsorship carefully:

In the current environment, Northcott relies on fundraising income (through sources of private philanthropy) to cover the full cost of service delivery for those services which are not fully funded by the Government...Northcott supports that government services outsourced to NGOs should be fully funded, thereby enabling fundraising income to be available for sole use on enhancement and adding value to the organisation and the services it provides. In this way fundraising income can be used to develop and trial innovative service models and explore different ways to meet individual and community need.²⁹²

6.10 Mission Australia also stressed the importance for donors to see the value that their donation has on the work of the charity, as this will make them more likely to contribute again.²⁹³

Tax status

6.11 In order for organisations to receive charitable tax status and thus encourage donations from the public, they must be registered as charities with the Tax Office. Ms Alison Peters, Director, Council of Social Service of NSW, noted that not all organisations are eligible for this tax status:

You have to have the status of a public benevolent institution and a deductible gift recipient conferred on you by the tax office to be able to get donations. In the sector not all organisations are able to qualify for that status. That might become clearer as a move to a national regulator rolls out but at this point in time some organisations in the sector qualify for that status and others do not.²⁹⁴

6.12 Mr Adam Farrer, Executive Director, NSW Federation of Housing Associations, also makes the point that community housing organisations have charitable tax status, which reduces their cost structure.²⁹⁵

²⁹⁰ Submission 13, Salvation Army Aged Care Plus, p7.

²⁹¹ Submission 23, Deaf Society of NSW, p7.

²⁹² Submission 28, Northcott Disability Services, p7.

²⁹³ Submission 76, Mission Australia, p9.

²⁹⁴ Ms Alison Peters, Director, Council of Social Service of NSW, Transcript of Evidence 3 September 2012, p43.

²⁹⁵ Mr Adam Farrer, Executive Director, NSW Federation of Housing Associations, Transcript of Evidence, 10 September 2012, p44.

- 6.13 The Community Transport Organisation noted in its submission that not only are larger charitable organisations advantaged through their Public Benevolent Institution status but they also have the in-house professional ability to seek substantial donations.²⁹⁶
- 6.14 Following on from this, several submissions expressed the view that government funding to NGOs may often be less than is needed, with the expectation that donations and philanthropy will make up the shortfall.²⁹⁷
- 6.15 Professor Peter Shergold reinforced the claim that contracted organisations are often not reimbursed for the full cost of delivering programs and make up shortfalls through voluntary donations of funds and time. He states that these organisations end up cross-subsiding the State often by as much as 30%.²⁹⁸
- 6.16 According to Professor Shergold, socially responsible investors are sacrificing financial returns for increased social and environmental benefits and mainstream institutions and large corporations are looking for opportunities to invest in social impact enterprises with shared value goals. One avenue for such investment is what has become known as social bonds.

FUTURE TRENDS

Social bonds

- 6.17 Significant research has been conducted in Australia and overseas to improve funding of community and social services. A common way of achieving this and encouraging private investment, which has been implemented or trialled in both the United Kingdom and the United States, is through the use of social impact bonds.²⁹⁹
- 6.18 A social impact bond works by investors providing capital to a bond issuing organisation which has a contract with Government to deliver specific social services. The contract specifies benchmarks and outcomes that need to be achieved, and if these outcomes are met, then the cost savings that flow from this are used to pay the investors a return on their original investment.³⁰⁰
- 6.19 The NSW Government has indicated that it would develop a pilot social impact bonds program which would have a focus on young people and children.
- 6.20 Three private and community sector groups have been selected to participate in the trial social bonds program:

²⁹⁶ Submission 35, Community Transport Organisation, p9.

²⁹⁷ Submission 43, Physical Disability Council NSW, p9.

²⁹⁸ Professor Peter Shergold, *Facilitating innovation: a new role for public servants*, IPAA INK, Issue 50, Spring 2012.

²⁹⁹ Hems, L, Will social impact investing finally pay dividends?, accessed at <https://secure.csi.edu.au/site/Home/Blog.aspx?defaultblog=https://blog.csi.edu.au/2012/08/will-social-impact-investing-finally-pay-dividends/>, viewed 29 January 2013.

³⁰⁰ Centre for Social Impact, *Report on the NSW Government Social Impact Bond Pilot*, February 2011, Centre for Social Impact website, http://www.csi.edu.au/assets/assetdoc/0b6ef737d2bd75b9/Report_on_the_NSW_Social_Impact_Bond_Pilot.pdf, viewed 29 January 2013, p7.

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- (1) The Benevolent Society, backed by Westpac and the Commonwealth Bank, will develop a \$10 million bond to reduce the number of days that children spend in foster care
- (2) Uniting Care Burnside will develop a \$10 million to work with children under five years of age and their parents
- (3) Mission Australia will work with Social Finance on a \$7 million bond to assist young adult repeat offenders.³⁰¹

6.21 In evidence to the Committee, Ms Eleri Morgan-Thomas, Director of Service Impact at Mission Australia, confirmed that Mission Australia is currently negotiating the detail of a trial to be conducted in the area of corrective services.³⁰²

6.22 Mr McNulty informed the Committee that Mission Australia is exploring the use of social bonds:

We have someone joining the main group shortly from Deutsche Bank who will be taking a treasury role to look at the bond raising and finance raising to bring in finance, again in partnership with Government and the private sector. It will layer land, private finance and any grants that are available to deliver more homes for less. It is a rolling theme to ensure that New South Wales grabs its fair share of Federal Government money and any debt finance or appropriate safe structured investment in housing.³⁰³

Utilisation of bonds

6.23 Ms Morgan-Thomas identified the corrective services sector as one that lends itself well to the social impact bonds model, as its outcomes are relatively readily and empirically assessable, particularly in terms of recidivism rates.³⁰⁴

6.24 While the bonds could also be used for work in the social housing sector, this is an area that needs further investigation. The Australian Housing and Urban Research Institute released a report entitled *A private retail investment vehicle for the community housing sector*, which attempted to develop a financial product which could be used to encourage private sector investment in the community housing sector. The report concludes that:

The research has, unfortunately, provided little optimism for the future. The literature, the experience in other countries and advice from the finance industry all indicate that private sector investment in community housing is highly unlikely

³⁰¹ Pro Bono Australia, <http://www.probonoaustralia.com.au/news/2012/03/nsw-govt-announces-social-bond-pilot-selection#>, viewed 29 January 2013.

³⁰² Ms Eleri Morgan-Thomas, Director of Service Impact, Mission Australia, Transcript of Evidence, 10 September 2012, p52.

³⁰³ Mr Andrew McNulty, Chief Executive Officer, Mission Australia Housing, Transcript of Evidence, 10 September 2012, p51.

³⁰⁴ Ms Eleri Morgan –Thomas, Director of Service Impact, Mission Australia, Transcript of Evidence, 10 September 2012, p53.

without higher levels of government support and subsidy than is currently the case.³⁰⁵

- 6.25 Mr McAnulty, Chief Executive Officer, Mission Australia Housing took the view that the UK has already successfully implemented a social bonds system to support community housing and told the Committee:

In the housing field, a great example is the 1988 Housing Act in the UK. That stimulated private finance coming into housing associations throughout the UK. It started off very slow but now there is about £40 billion of investment in not-for-profit housing organisations via debt finance through banks or bonds, and that has leveraged the assets quite safely, and in a fairly turbulent financial climate over the last five years there has been no default on any of that £40 billion, which is unique. So it is a safe way of raising long-term finance against housing.

- 6.26 When asked how this may be applied in the New South Wales context, Mr McAnulty replied:

I think it is just proofing up the current lending process. The different housing associations represented under the federation are taking the fledging steps of borrowing money from banks. So we have got two loans currently, one with NAB and one with Westpac, for about \$22 million, \$23 million. Effectively, we will take those loans incrementally. The UK framework was when it got to a certain amount of money you brought those together in a single offering to the market and actually put them out on longer term finance at a cheaper rate. So really the housing associations in New South Wales are just proofing up the model that it is low-risk, that it is based on a very long line of people who are awaiting housing, so there is no demand issue and the rents are very stable because they are low rents. So it is a safe investment for a bank or a bond type structure.

- 6.27 Regardless of the sector, Ms Morgan-Thomas suggested that one way of making bonds more attractive would be to make them tax-effective. She noted that this would need to be considered by the NSW Government in collaboration with the Commonwealth.³⁰⁶

- 6.28 Several submissions made the point that they welcomed the development of social bonds to fund social services. National Disability Services NSW and the Endeavour Foundation noted that this type of philanthropy is best encouraged when investors can see the value they are adding through their investment.³⁰⁷

- 6.29 In his appearance before the Committee, Professor Shergold made the following observations about the utility of social bonds and their general applicability in service delivery:

I think that this new vehicle is particularly useful, first, where it is starkly evident that government policy over a significant period has failed to deliver where in fact we know there continue to be significant problems. The second is where I think much of the activity is focused on prevention rather than addressing the consequences

³⁰⁵ S McNelis, D Hayward, H Bisset, *A private retail investment vehicle for the community housing sector*, Australian Housing and Urban Research Institute website, <<http://www.ahuri.edu.au/publications/p50022/>>, viewed 29 January 2013.

³⁰⁶ Ms Morgan-Thomas, Transcript of Evidence, 10 September 2012, p 53.

³⁰⁷ Submission 67, National Disability Services NSW, p12.

...Traditionally within governments and within government budgets it is always more difficult to fund such medium-term prevention programs, so that is where I think it can be particularly useful. Third, it can be useful where it is clear we need some more innovative and creative thinking in terms of how major issues can be addressed....It does not, in my view, apply to all areas...social benefit bonds, although they are a very innovative vehicle in trying to bring in private sector funding in order to help achieve government objectives, it is really not that different from the outcome-based contract funding that exists, for example, in Job Services Australia...That is where bonds are particularly valuable—in those areas which are the hardest ones for government to fund, which tend to be preventative measures, because the nature of government is that most funding tends to end up dealing with the consequences of antisocial behaviours, for example.³⁰⁸

6.30 NSW Treasury has referred to the potential benefits of social bonds as being:

- a focus on outcomes rather than outputs, with flexible service delivery
- additional resources towards early intervention providing upfront private funding
- innovation and payment for results, enabling new approaches
- improving the evidence base, linking payment and results
- improved accountability and transparency with clear outcomes measurement.³⁰⁹

6.31 The Committee agrees that there may be potential for social investment to enhance service delivery and to provide institutional and community value. The success of such arrangements will be influenced by the taxation and regulatory environment and the charitable status of organisations seeking such investment.

6.32 There is currently a major Commonwealth review of tax concessions to not-for-profit entities. This review will clarify the arrangements applying to social enterprises. The Committee awaits the outcome of current consultations with the sector to improve social finance initiatives.

6.33 In the meantime, the Committee supports consideration of the potential for greater utilisation of innovative philanthropic mechanisms for enhanced service capacity and greater partnerships between Government and the private sector.

RECOMMENDATION 21

The Committee recommends that the NSW Government consider the potential of social investment bonds, if any, in the delivery of home care, disability and housing services as part of a general strategy to encourage funding diversity and increased collaboration with the private sector.

³⁰⁸ Professor Peter Shergold, Transcript of Evidence, 2 April 2013, p65.

³⁰⁹ Lenny Roth, 'Social Impact Bonds', *NSW Parliamentary Research Brief 17/2011*, pp 2-3.

Chapter Seven – Technology Innovation

- 7.1 In this Chapter, the Committee explores the benefits of integrated technological systems in the delivery of outsourced housing, disability and homecare services and the move to a ‘person-centred’ approach within the disability sector. The Committee also examines the adequacy of funding technology to support the delivery of these services.

BENEFITS OF INTEGRATED SYSTEMS

The importance of investing in technology

- 7.2 Evidence received during the Inquiry has stressed the importance of investing in technology to improve delivery of housing, disability and homecare services in NSW. In the words of KinCare, a national community care provider: ‘There is almost no aspect of services that could not be enhanced through technology’.³¹⁰ These benefits are discussed in more detail below.

Improved client experience

- 7.3 A consistent thread running through the evidence was that technology can greatly improve client interactions with service providers. In response to questions raised by Committee Members, the Local Government and Shires Association of NSW stressed the important role technology has in supporting people to remain at home,³¹¹ as opposed to becoming institutionalised.
- 7.4 The Physical Disability Council of Australia expanded on this point in its submission, stating:
- Advances in technology, including availability of high speed and high capacity broadband have increased opportunities for people with chronic conditions to be monitored in their own homes by medical professionals.³¹²
- 7.5 This view was reinforced by the Association of Doctors in Developmental Disability and KinCare, who cited the importance of programs (such as Telehealth)³¹³ which allow experienced clinicians to video conference with their patients. In a similar vein, Salvation Army Aged Care Plus referred to the use of Telecare type services³¹⁴ that utilise technology to allow people with a range of care needs to live safely and independently in their own home. Sensors that monitor risk, triggering a call to a response centre or carer if assistance is needed, were cited as an example of such a service.³¹⁵

³¹⁰ Submission 42, KinCare, pp19-20.

³¹¹ Local Government and Shires Association of NSW, answers to questions taken on notice, 3 September 2012, p5.

³¹² Submission 43, Physical Disability Council of Australia, pp9-10.

³¹³ Submission 73, Association of Doctors in Developmental Disability, p 6; Submission 13, KinCare, pp19-20.

³¹⁴ Submission 13, Salvation Army Aged Care Plus, pp8-9.

³¹⁵ Feros Care, <http://www.feroscare.com.au/services/community-care/life-link-telecare-monitoring>, viewed 26 August 2013.

- 7.6 As a further illustration of the benefits of interactive technology, Mr Christopher Norris, Business Development Manager of Centacare New England North West referred to video conferencing as important for the provision of rural and remote area services³¹⁶. Salvation Army Aged Care Plus also mentioned its 'virtual visiting program' as reducing the social isolation of clients in its aged care centres.³¹⁷

Increased efficiency and effectiveness

- 7.7 Technology can improve the efficiency and effectiveness of service provision. This can be achieved in a variety of ways, including streamlined reporting systems, enhanced service evaluation, service integration and cost savings.

- 7.8 In relation to reporting obligations, the Local Government and Shires Association of NSW told the Committee that:

Technology can be harnessed to reduce resources required to meet contractual obligations and therefore release staff for more personal service delivery.³¹⁸

- 7.9 Similarly, Mission Australia claimed that technology could be used to generate quantitative evidence for funding and line reports, maximising resources for client support and providing service enhancements.³¹⁹

- 7.10 Mr Larry Pierce, Chief Executive Officer of the Network of Alcohol and Other Drugs Agencies, also indicated that technology can be used to evaluate services. For example, a good data system could be used to measure the effects of treatment on a client, and to inform follow-up treatment.³²⁰

- 7.11 Many submissions specifically highlighted the ability of integrated technology to make a major contribution to efficient and effective services. The Endeavour Foundation stated:

The capacity for highly evolved database and service management systems to support consolidation of a number of organisations back of house functions such as pay roll, electronic records, shared servicing, and even sharing of staff across multiple organisations...would... provide economic and systems efficiencies...³²¹

- 7.12 Anglicare similarly noted the importance for larger organisations, with multiple streams of service delivery, to have integrated data to inform good policy and practice³²². This was reinforced by Mission Australia, who stated that data assists in service planning, understanding client demographics, and provides evidence

³¹⁶ Transcript of Evidence, 17 September 2012, pp8-9.

³¹⁷ Submission 13, Salvation Army Aged Care Plus, p8.

³¹⁸ Local Government and Shires Association of NSW, answers to questions on taken on notice, 3 September 2012, p 5.

³¹⁹ Mission Australia, answers to questions taken on notice, 10 September 2012, p11.

³²⁰ Mr Larry Pierce, Chief Executive Officer of the Network of Alcohol and Other Drugs Agencies, Transcript of Evidence, 3 September 2012, p28.

³²¹ Submission 77, Endeavour Foundation, pp6-7.

³²² Dr Ian Jackson, Director, Community Care, Anglicare Sydney, Transcript of Evidence, 10 September 2012, p38.

that assists services to advocate for the emerging needs of clients and potential clients.³²³

- 7.13 Anglicare also stressed the need for the database systems of service providers to be better integrated with those of government departments:

Some Federal and State departments have a policy that, once the data is provided, it cannot be retrieved. This is a duplication of infrastructure that we think is rather needless and expensive in the necessity to develop other systems, parallel to what the government departments already have.³²⁴

- 7.14 Finally, KinCare and Centacare noted the ability of technology to reduce travel time, particularly across large distances in rural and remote areas, thereby saving service providers money and time.³²⁵

Improved compliance and transparency

- 7.15 In addition to timely reporting, many submissions argued that technology can improve compliance and transparency across the human services sector. This was elaborated on by the Endeavour Foundation, as follows:

...highly evolved database and service management systems... would not only provide economic and systems efficiencies but would support practice and quality standardisation and enhancement across a sector that currently has highly variable compliance".³²⁶

- 7.16 Similarly, the Deputy NSW Ombudsman, Mr Kinmond, expressed support for a uniform information technology complaints system to improve quality reporting across the government operated and funded human services sector in the following terms:

One becomes a little bit tired of looking at service after service and making the same point over and over again. It seems to me that it would be highly efficient to have a standardised uniform IT system so that we set the standards, together with appropriate guidelines, so that in five year's time we are not talking about a patchy system in terms of complaints but we are confident that we have a degree of uniformity and a degree of quality in that area.³²⁷

- 7.17 Mr Kinmond commended the information technology system used by the disability sector in Victoria, noting its capacity to produce a wide range of data, and thus a wide range of information on potential trends and performance. He also specifically noted the importance of a uniform information technology complaints system to manage risk in an increasingly decentralised and person-centred policy environment in the following terms:

³²³ Mission Australia, answers to questions taken on notice, 10 September 2012, p11.

³²⁴ Dr Jackson, Transcript of Evidence, 10 September 2012, p38.

³²⁵ Submission 42, KinCare, p 20; Mr Christopher Norris, Business Development Manager, Centacare New England North West, Transcript of Evidence, 17 September 2012, pp8-9.

³²⁶ Submission 77, Endeavour Foundation, pp6-7.

³²⁷ Mr Steven Kinmond, Deputy Ombudsman, Community and Disability Services, NSW Ombudsman, Transcript of Evidence, 2 April 2013, p55.

...complaints trends can be a useful intelligence source. One should not overstate their importance but there are occasions where they can be extremely valuable indicators that one ought to look further.³²⁸

- 7.18 The Committee also notes the evidence provided by Mission Australia that its information management system, the Mission Australia Community Services Information System, integrated across Mission Australia's service streams, has multiple-level reporting capabilities.³²⁹

Improved coordination and information sharing

- 7.19 Coordinating and sharing information between service providers is a vital component in the rollout of outsourcing across the sector. As detailed in the Committee's Interim Report and in Chapter Three of this Report, access to information is essential for organisational capacity building and optimal client service delivery.

- 7.20 According to Mission Australia:

Technology plays a critical role to support coordination and cooperation across multiple service delivery agencies to ensure clients experience joined up, cohesive and effective services.³³⁰

- 7.21 National Disability Services NSW indicated that the outsourcing process would be enhanced by a standard database containing client data, ensuring consistency, and allowing data sharing across services.³³¹ The Committee agrees with this approach and supports greater information sharing to overcome current structural impediments to data access.

- 7.22 The Association of Doctors in Developmental Disability noted significant difficulties in linking data between government departments. The Association is concerned that additional NGO service providers using diverse and decentralised data will further complicate this process. Whilst acknowledging confidentiality and consent issues, the Association stressed the necessity for the development of a system that allows electronic sharing of essential client health information across services.³³²

- 7.23 In supporting this view, the Community Transport Organisation highlighted that technology allows community transport providers to interface with housing, disability and homecare services to identify clients who require community transport assistance. This is considered vital for the elderly and people with disabilities.³³³

- 7.24 Another important role played by information technology infrastructure is to allow service providers to communicate with non service provider groups such as clients and other stakeholders. The Physical Disability Council of NSW stressed

³²⁸ Mr Kinmond, Transcript of Evidence, 2 April 2013, p55.

³²⁹ Mission Australia, answers to questions taken on notice, 10 September 2012, p11.

³³⁰ Submission 76: Mission Australia, pp 9-10.

³³¹ Submission 67: National Disability Services NSW, p20.

³³² Submission 73: Association of Doctors in Developmental Disability, p6.

³³³ Submission 35: Community Transport Organisation, p10.

the importance of technology for promotion, issue-based campaigns and advocacy processes³³⁴. Both National Disability Services NSW and Illawarra Forum Inc. noted the increased role of social media and other mobile technology to aid access to services, service choice and service delivery³³⁵.

Improved staff experience.

- 7.25 Another important consideration canvassed with the Committee is the potential for technology to provide increased professional training support for people who work in the human services sector. This has also been discussed in Chapter Three.
- 7.26 Speech Pathology Australia, NSW and KinCare highlighted the prominent role internet-based technology plays in staff training, for example, providing access to e-learning and online clinical and professional resources, including journals.³³⁶ Such training allows staff to maintain and develop their skills and keep up-to-date with industry developments and innovation.
- 7.27 Submissions to the Committee also stressed the constructive role of video conferencing for staff training.³³⁷ In particular, Northcott Disability Services cited video conferencing as assisting in the training of staff in rural and remote areas, especially training of indigenous therapy assistants in indigenous communities, where there are shortages of therapists.³³⁸
- 7.28 Carers NSW also indicated that technology has significant benefits for unpaid carers across NSW, including those caring for family members in cases of disability, frailty, or mental illness. Internet-based resources make it easier for carers to access information and support at a convenient time and in the privacy of their own home.
- 7.29 It also increases the available support base for carers where it is no longer necessary for them to access support locally. This can potentially alleviate concerns about discussing sensitive issues such as mental illness with a support person.³³⁹

Benefits of integrated technological systems in current policy environment

- 7.30 Within an environment of increased outsourcing of human service delivery, a number of submissions and witnesses have specifically argued that investment in technology that is integrated across multiple services, and better integrated with Government, is essential.
- 7.31 As noted earlier in this Chapter, Mission Australia, National Disability Services NSW, and the Association of Doctors in Developmental Disability all support integrated databases to allow information sharing, coordination and cooperation

³³⁴ Submission 43, Physical Disability Council of NSW, pp9-10.

³³⁵ Ms Helen McGuire, Information Officer, Illawarra Forum Inc., Transcript of Evidence, 17 September 2012, p35; Submission 67: National Disability Services NSW, p20.

³³⁶ Submission 39: Speech Pathology Australia, NSW, p 4; Submission 42: KinCare, p19.

³³⁷ Submission 42: KinCare, p 19; Submission 73: Association of Doctors in Developmental Disability, p6.

³³⁸ Ms Kerry Stubbs, Chief Executive Officer, Northcott Disability Services, Transcript of Evidence, 10 September 2012, pp6-9.

³³⁹ Submission 34: Carers NSW, p3.

across multiple services.³⁴⁰ Anglicare also supports greater integration of service providers' database systems with those of government departments to avoid unnecessary duplication, as described earlier.³⁴¹

7.32 The former Director General of the Department of Family and Community Services (FACS), Mr James Moore told the Committee that increased outsourcing of human services necessitates more sophisticated forms of monitoring, which can partly be achieved through technology.³⁴² Mr Moore's evidence supports the views of the Deputy Ombudsman, that there is a need for a centralised information technology complaints system to manage risk in an increasingly decentralised policy environment.³⁴³

7.33 Similarly, the Chief Executive of Ageing, Disability and Homecare (ADHC), Mr James Longley supported integrated technology as part of the move to a person-centred approach in the disability sector. In this way, clients with a disability are able to determine how their support resources are used. According to Mr Longley:

...I am a great proponent of IT being integral to how people do their affairs...particularly with an individualised funding package arrangement, IT will be essential for organisations to bring the different costing elements together to enable them to provide sensible services...³⁴⁴

7.34 Community housing was also cited as an area where the non-government sector would greatly benefit from developing and commissioning more integrated technology systems to fit an increasingly complex policy environment. The NSW Federation of Housing Associations stated:

With the growth of the [community housing] sector, the scale and complexity of their business has also grown considerably, requiring more sophisticated tools for effective business management. In preparation for the growth, the sector has identified information technology systems as a business risk and an area for improvement. There was a need for an IT system that seamlessly integrates the main functional areas of the business, including tenancy management, asset and financial management and 'back-office' functions. The size of the community housing sector in NSW attracted a number of leading IT vendors...able to create... [a] product suitable for the sector. The large and medium sized community housing providers have already implemented the enhanced systems... The Federation is currently supporting the sector in the procurement of IT systems with the expectation that all community housing providers will have the enhanced systems in place by the end of the next financial year.³⁴⁵

³⁴⁰ Submission 76: Mission Australia, pp 9-10; Submission 67 National Disability Services, p 20; Submission 73: Association of Doctors in Developmental Disability, p6.

³⁴¹ Dr Jackson, Transcript of Evidence, 10 September 2012, p38.

³⁴² Mr James Moore, Director General, Department of Family and Community Services, Transcript of Evidence, 3 September 2012, pp10-11.

³⁴³ Mr Kinmond, Transcript of Evidence, 2 April 2013, p55.

³⁴⁴ Mr James Longley, Chief Executive, Ageing, Disability and Homecare, Department of Family and Community Services, Transcript of Evidence, 2 April 2013, p26.

³⁴⁵ Submission 72: NSW Federation of Housing Associations, p22.

The limitations of technology

- 7.35 While there is general support for greater access to and use of technology, some evidence expressed reservations based on the perceived limitations of such technology for specific client groups.
- 7.36 In the words of the Local Government and Shires Association:
- ...technology cannot, nor should it, replace relationships. In cases of high, complex needs, the human factor is one of the critical elements to success. Technology can value –add in relation to the types of communication mechanisms and formats available however should not replace [relationships] especially in more rural and remote locations.³⁴⁶
- 7.37 The Association expanded on its position in answers to questions following the public hearing on 3 September 2012:
- Whilst...there is an important role for technology in supporting people to live at home, there is still a need for personalised support and service delivery. In rural and remote locations this need is arguably greater than in more populated areas due to the generally sparse levels of service available in these locations.³⁴⁷
- 7.38 Sydney Children’s Hospital also made the point that technology does not make people better at their jobs and does not necessarily make them more efficient. It argued that technology should only be used where evidence-based practice supports its use.³⁴⁸
- 7.39 In evidence to the Committee, the former Director General of FACS also cautioned against having too much faith in computers and not enough faith in people. In particular, Mr Moore argued that to increase the efficiency and effectiveness of services, Government and service providers should not simply replicate existing work practices on computers. Instead, the efficiency and effectiveness of the work practices themselves should be evaluated before deciding which of the problems identified (if any) can be best solved through the use of technology.³⁴⁹

ADEQUACY OF FUNDING

The Experience of service providers

- 7.40 A number of non-government human service providers who participated in the Inquiry indicated that the sector currently has inadequate funds to invest in optimal technology to support service provision, training for staff on how to use the technology, or the support required for the maintenance of the technology.
- 7.41 According to Mission Australia:

³⁴⁶ Submission 58: Local Government and Shires Association, p15.

³⁴⁷ Local Government and Shires Association, answers to questions taken on notice, 3 September 2012, p5.

³⁴⁸ Submission 85: Sydney Children’s Hospitals Network, p4.

³⁴⁹ Mr James Moore, Transcript of Evidence, 3 September 2012, p11.

In general, the not-for-profit sector has found it hard to justify investing in technology as there are often more pressing needs, despite the longer-term benefits technology is known to bring.³⁵⁰

7.42 Similarly, the Community Transport Organisation stated:

...limited financial resources and skills gaps have led to many organisations struggling to remain current with developments and keep up with innovations... Maintaining existing systems and updating those systems is financially stressful and requires ongoing allocation of funding and redirection of other resources.³⁵¹

7.43 Given these concerns, and in the context of increased outsourcing, it was argued that the Government should allocate specific technology funding to NGOs, as part of each contract for services or program.

7.44 For example, Mr Larry Pierce, Chief Executive Officer of the Network of Alcohol and Other Drugs Agencies indicated that he would support funding for technology being included as part of the contracts for services made between Government and NGOs stating: "It's not expensive but it's not really reflected in the line items of a standard government contract for service delivery".³⁵² Mission Australia,³⁵³ Centacare,³⁵⁴ Illawarra Forum Inc.,³⁵⁵ and Endeavour Foundation³⁵⁶ made similar comments.

7.45 In the view of the Committee, organisations applying for funding to deliver services should have the capacity to operate in a competent manner. This includes having a basic level of technological capacity to bid for funds and to deliver effective services.

7.46 At the same time, this does not mean that small organisations should be expected to have the technological sophistication of large providers. For this reason, the Committee supports better general integration of data and improved access to information provided by funders and major operators in the sector and a greater sharing of expertise.

The partnership philosophy

7.47 It is clear from other evidence provided to the Committee that the Government has progressively provided some funding to boost the technological capacity of NGOs. This was reinforced in the evidence provided by Ms Helen McGuire of the Illawarra Forum Inc.:

³⁵⁰ Submission 76: Mission Australia, p9.

³⁵¹ Submission 35, Community Transport Organisation, p10.

³⁵² Mr Larry Pierce, Transcript of Evidence, 3 September 2012, pp30-31.

³⁵³ Mission Australia, answers to questions taken on notice, 10 September 2012, p11.

³⁵⁴ Mr Norris, Transcript of Evidence, 17 September 2012, pp8-9.

³⁵⁵ Ms McGuire, Transcript of Evidence, 17 September 2012, p35.

³⁵⁶ Submission 77: Endeavour Foundation, p7.

I have to say that in the last five years the community sector is really proficient and up to date mostly with email and online resources. A lot of that was actually due to the New South Wales funding of the Better Services Program...³⁵⁷

- 7.48 The former Director General of the Department of Family and Community Services also indicated that government funding is provided to build the technological capacity of the non-government sector.³⁵⁸ In emphasising the policy context in which this funding is provided, Mr Moore stated that there has been an increasing trend to treat the relationship between government and non-government service providers as one of partnership.³⁵⁹
- 7.49 As part of this partnership philosophy, the Committee was told that the Government does not provide funding to NGOs on a fee for service basis and the Government is not prescriptive about how the funding is utilised.³⁶⁰ Instead, it works together with NGOs to achieve quality human service provision, allowing NGOs flexibility in the way they operate.³⁶¹
- 7.50 In this context, government funding for technology is seen as an investment in capacity-building for the NGO sector, rather than a prescriptive line-by-line directive in a contract for services. Consequently, NSW Government witnesses did not support a move to target technology funding as advocated by other contributors, whereby technology becomes a line item in each contract for services made with NGOs.³⁶²
- 7.51 Further to this, Mr James Longley, Chief Executive Officer of ADHC, stressed the positive effect of the partnership philosophy for service innovation:
- ...in terms of innovation – something we are very keen to encourage and stimulate – one actually wants different organisations to look at different ways of putting together their service propositions in different areas. There would be a risk that, once you start breaking down, by line item, the different elements of a service proposition, people would then start to think in those terms, rather than have a holistic approach.³⁶³
- 7.52 The future evolution of outsourcing will be dependent on access to sophisticated computer software programs and applications to: manage the funding application process; track service delivery and client satisfaction; directly communicate with funding bodies; meet accountability and compliance requirements; and provide general information to other service providers and clients about available services.

³⁵⁷ Ms McGuire, Transcript of Evidence, 17 September 2012, p35.

³⁵⁸ Mr Moore, Transcript of Evidence, 3 September 2012, p12.

³⁵⁹ Mr Moore, Transcript of Evidence, 3 September 2012, pp11-12.

³⁶⁰ Mr Moore, Transcript of Evidence, 3 September 2012, p12.

³⁶¹ Ms Samantha Taylor, Deputy Chief Executive, Ageing Disability and Homecare, Department of Family and Community Services, Transcript of Evidence, 2 April 2013, pp 21-22; Mr Longley, Transcript of Evidence, 2 April 2013, p26.

³⁶² Mr Moore, Transcript of Evidence, 3 September 2012, pp11-12.

³⁶³ Mr Longley, Transcript of Evidence, 2 April 2013, p21.

- 7.53 Service providers should ensure that computer infrastructure forms part of their business plans. They should have the capacity to bid for funding and to participate in the market to deliver services as part of their business case for funding.
- 7.54 It is also imperative that funders provide software and open access systems that can be utilised by all providers, while safeguarding any potential commercial in confidence or government proprietary policy information guiding funding decisions. For this reason, the Committee supports strategies to improve access to computer systems in order to build organisational capacity.

RECOMMENDATION 22

The Committee recommends that the NSW Government continues to develop interactive technology systems in the human services sector, where appropriate, as an investment in the sector's capacity, rather than on a prescriptive, fee-for-service basis.

- 7.55 As previously highlighted throughout this Report and in the Committee's Interim Report, consultation with the NGO sector in the development of appropriate technological support is also essential.

RECOMMENDATION 23

The Committee recommends that the NGO Service Delivery Working Group consults with non-government service providers about the sector's technological requirements into the future.

RECOMMENDATION 24

The Committee recommends that as part of the consultation and planning process, the Department of Premier and Cabinet develops a suite of software packages for non-government human service providers. This software should be designed to integrate information sharing, service coordination and cooperation, and monitoring, reporting and compliance.

RECOMMENDATION 25

The Committee recommends that software development take account of existing systems as identified to the Committee and the enhanced information technology systems recently implemented. It should also incorporate the lessons of other comparable jurisdictions that have invested in integrated technology.

- 7.56 It is important to acknowledge, however, that any investment in enhanced technology should not be premature. In the Committee's view, a thorough consultation and planning process will assist to manage this risk.

The need to avoid premature investment in technology in the disability sector

- 7.57 The Committee also heard about major structural reforms in the disability sector in NSW, and the effect that this would have on technology needs. This service

delivery area is undergoing fundamental change as it moves towards a client centred approach, with primary control over service provision managed by the clients themselves.

- 7.58 As stated earlier, the Chief Executive of Ageing, Disability and Homecare stressed the importance technology would have following the move to a person-centred funding model.³⁶⁴ Mr Longley also highlighted the effect of the progressive roll out of the National Disability Insurance Scheme (NDIS) in NSW, which will not be complete until July 2018.³⁶⁵ He stated:

The NDIS – the Federal Agency will have a very substantial IT need there and that will need to be done in such a way that they can run their services but also have an access capacity for individuals so that individuals will be able to see where their funding package, if you like, is up to...In terms of our own requirements, we need to straddle between those two because we do not want to make a massive IT investment which is then going to be obviated by the transition to the NDIS. It is an important area but individual organisations must do that themselves.³⁶⁶

- 7.59 In the view of the Committee, premature investment by the NSW Government in enhanced technology for the disability sector must be avoided, having regard to the massive changes underway and the lack of certainty about the future shape of programs in the area.

³⁶⁴ Mr Longley, Transcript of Evidence, 2 April 2013, p26.

³⁶⁵ Disability Care Australia, <http://www.disabilitycareaustralia.gov.au/roll-out-disabilitycare-australia>, viewed 2 September 2013.

³⁶⁶ Mr Longley, Transcript of Evidence, 2 April 2013, p26.

Appendix One – List of Submissions

| | |
|----|---|
| 1 | Mr Greg Hancock |
| 2 | Network of Alcohol and Drug Agencies |
| 3 | Confidential |
| 4 | Name Suppressed |
| 5 | Southern Community Care Development Inc |
| 6 | Name Suppressed |
| 7 | Name Suppressed |
| 8 | Name Suppressed |
| 9 | Name Suppressed |
| 10 | Name Suppressed |
| 11 | Name Suppressed |
| 12 | Mr Geoffrey Martin |
| 13 | The Salvation Army Aged Care Plus |
| 14 | Name Suppressed |
| 15 | Name Suppressed |
| 16 | Name Suppressed |
| 17 | Name Suppressed |
| 18 | Name Suppressed |
| 19 | Ms Tracy McMillan |
| 20 | Calvary Silver Circle |
| 21 | Name Suppressed |
| 22 | Confidential |
| 23 | Deaf Society of NSW |
| 24 | Name Suppressed |
| 25 | Name Suppressed |
| 26 | Sunshine |
| 27 | Name Suppressed |

OUTSOURCING COMMUNITY SERVICE DELIVERY
LIST OF SUBMISSIONS

| | |
|----|--|
| 28 | Northcott Disability Services |
| 29 | Name Suppressed |
| 30 | Public Interest Advocacy Centre |
| 31 | The Attendant Care Industry Association (ACIA) |
| 32 | ANGLICARE Sydney |
| 33 | Name Suppressed |
| 34 | Carers NSW |
| 35 | Community Transport Organisation |
| 36 | Social Ventures Australia |
| 37 | Mr Theis Dencker |
| 38 | Mr Robert Stace |
| 39 | Speech Pathology Australia |
| 40 | Shelter NSW |
| 41 | Inner Sydney Regional Council |
| 42 | KinCare |
| 43 | Physical Disability Council of NSW |
| 44 | Mr Luis Fernandez-Maldonado |
| 45 | Name Suppressed |
| 46 | Name Suppressed |
| 47 | Confidential |
| 48 | Inner and Eastern Sydney Migrant Interagency |
| 49 | Name Suppressed |
| 50 | Name Suppressed |
| 51 | The Hon Brendan O'Connor MP |
| 52 | Mr John Delac |
| 53 | Dr Helen Somerville |
| 54 | NSW Home Modification and Maintenance Services State Council |
| 55 | J Wood |
| 56 | NSW Government |
| 57 | Name Suppressed |
| 58 | Local Government and Shires Associations of NSW |

COMMITTEE ON COMMUNITY SERVICES
LIST OF SUBMISSIONS

| | |
|----|--|
| 59 | New South Wales Local Government, Clerical, Administrative, Energy, Airlines & Utilities Union (United Services Union) |
| 60 | Illawarra Forum Inc |
| 61 | Tenants' Union of NSW |
| 62 | The Law Society of NSW |
| 63 | Public Service Association of New South Wales |
| 64 | Life Without Barriers |
| 65 | Combined Pensioners and Superannuants Association (CPSA) |
| 66 | Compass Housing Services |
| 67 | National Disability Services NSW |
| 68 | Ombudsman New South Wales |
| 69 | Mountains Community Resource Network |
| 70 | Name Suppressed |
| 71 | Association of Children's Welfare Agencies |
| 72 | NSW Federation of Housing Associations |
| 73 | Association of Doctors in Developmental Disability (ADIDD) |
| 74 | Name Suppressed |
| 75 | Homelessness NSW |
| 76 | Mission Australia |
| 77 | Endeavour Foundation |
| 78 | ACON |
| 79 | Name Suppressed |
| 80 | Council of Social Service of NSW (NCOSS) |
| 81 | The Sydney Children's Hospitals Network |
| 82 | Centacare NENW |
| 83 | Southern Youth and Family Services |

Appendix Two – List of Witnesses

Monday 3 September 2012, Waratah Room, Parliament House

| Witness | Position and Organisation |
|------------------------|---|
| Mr James Moore | Director General Department of Family and Community Services |
| Mr Jim Longley | Chief Executive Ageing, Disability and Home Care |
| Ms Maree Walk | Chief Executive Community Services |
| Ms Leonie King | Executive Director, Community Housing Housing NSW |
| Ms Samantha Taylor | Executive Director, Service Development Ageing, Disability and Home Care |
| Dr Rohan Hammett | Deputy Director General, Strategy and Resources NSW Health |
| Ms Carmen Parter | Director <i>Centre for Aboriginal Health</i> |
| Mr Jason Ardler | General Manager <i>Aboriginal Affairs NSW</i> |
| Cr Adam Marshall | Vice-President <i>NSW Shires Association</i> |
| Ms Margaret Kay | Senior Policy Officer, Ageing and Disability Local Government and Shires Associations of NSW |
| Mr Larry Pierce | Chief Executive Officer Network of Alcohol and other Drug Agencies |
| Mr Grant Millard | Chief Executive Officer |
| Dr Ian Jackson | Director of Community Care ANGLICARE Sydney |
| Mr Adam Farrar | Executive Director |
| Ms Maja Frohlich | Policy Officer NSW Federation of Housing Associations |
| Ms Eleri Morgan-Thomas | General Manager Mission Australia |
| Mr Andrew McAnulty | Chief Executive Officer Mission Australia Housing |

COMMITTEE ON COMMUNITY SERVICES
LIST OF WITNESSES

| | |
|-------------------|---|
| Ms Libby Saunders | Chief Executive Officer |
| Ms Helen Douglas | Director of Operations Calvary Silver Circle |

Monday 10 September 2012, Macquarie Room, Parliament House

| Witness | Position and Organisation |
|----------------------|--|
| Ms Kerry Stubbs | Chief Executive Officer |
| Ms Elizabeth Forsyth | Sector and Business Development Manager <i>Northcott Disability Services</i> |
| Ms Tracy McMillan | Private Citizen |
| Ms Lyn Clinckett | Private Citizen |
| Ms Melinda Paterson | Sutherland Shire HACC Development Officer Southern Community Care Development Inc |
| Ms Roslyn Morton | Manager Sutherland Shire Community Transport |
| Mr Garry Moore | Chief Executive Officer |
| Mr Digby Hughes | Policy and Project Officer Homelessness NSW |
| Ms Alison Peters | Director <i>Council of Social Service of New South Wales (NCOSS)</i> |

Monday 17 September 2012, Macquarie Room, Parliament House

| Witness | Position and Organisation |
|----------------------|---|
| Ms Fergus Fitzsimons | Chief Executive Officer |
| Mr Chris Norris | Business Development Manager <i>Centacare NENW</i> |
| Mr Michael Bleasdale | Executive Director Attendant Care Industry Association |
| Ms Casey Young | Senior Industrial Officer |
| Ms Lynette Fraser | Research Officer United Services Union |
| Ms Shalla Thomas | Chairperson |
| Mr Stephen Malvern | Vice-Chairperson |

OUTSOURCING COMMUNITY SERVICE DELIVERY
LIST OF WITNESSES

| | |
|----------------------|---|
| Ms Andrea Thomas | Treasurer |
| Ms Anne Reeve | Councillor <i>NSW Home Modification and Maintenance Services State Council</i> |
| Ms Nicola Sloan | Executive Officer |
| Ms Helen McGuire | Information Officer <i>Illawarra Forum Inc</i> |
| Mr Scott Holz | State Manager |
| Mr Richard Hawkins | Policy Manager |
| Ms Deborah Sazdanoff | Senior Project Manager <i>National Disability Services NSW</i> |
| Ms Sharon Callister | Chief Executive Officer |
| Ms Nicola Rosenthal | Community Services and Business Development Manager <i>Salvation Army Aged Care Plus</i> |

Tuesday 2 April 2013, Macquarie Room, Parliament House

| Witness | Position and Organisation |
|---------------------|--|
| Mr James Moore | Director General Department of Family and Community Services |
| Ms Maree Walk | Chief Executive, Community Services Department of Family and Community Services |
| Ms Leonie King | Executive Director, Community and Private Market Housing Directorate Department of Family and Community Services |
| Mr Jim Longley | Chief Executive Ageing, Disability and Home Care Department of Family and Community Services |
| Ms Samantha Taylor | Deputy Chief Executive, Ageing Disability and Home Care Department of Family and Community Services |
| Dr Rohan Hammett | Deputy Director General, Strategy and Resources NSW Ministry of Health |
| Ms Carmen Parter | Director, Centre for Aboriginal Health NSW Ministry of Health |
| Mr Jason Ardler | General Manager, Aboriginal Affairs NSW Department of Education and Communities |
| Dr Robert Waldersee | Executive Director, Corruption Prevention Division Independent Commission Against Corruption |

COMMITTEE ON COMMUNITY SERVICES

LIST OF WITNESSES

| | |
|--------------------------|---|
| Dr Benjamin Marx | Senior Research and Prevention Officer Independent Commission Against Corruption |
| Mr Steve Kinmond | Deputy Ombudsman, Community and Disability Services NSW Ombudsman |
| Professor Peter Shergold | AC University of Western Sydney |

Appendix Three – Extracts from Minutes

MINUTES OF PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY COMMITTEE ON COMMUNITY SERVICES (NO. 1)

5.05pm, Wednesday, 22 June 2011
Room 1043, Parliament House

Members Present

Mr Anderson, Mr Conolly, Mr Issa, Mrs Perry and Ms Watson.

1. Introduction

On behalf of the Clerk of the Legislative Assembly, the Clerk-Assistant, Committees, opened the meeting and read the following extracts from the Votes and Proceedings of the Legislative Assembly –

Wednesday 22 June 2011, no 23 entry 12—

(15) Legislative Assembly Committee on Community Services

That, notwithstanding anything contained in the Standing Orders:

- (1) A Portfolio Standing Committee to be known as the Legislative Assembly Committee on Community Services be appointed. The following portfolio responsibilities stand referred to the committee – Health; Medical Research; Education; Mental Health; Healthy Lifestyles; Ageing; Aboriginal Affairs; Disability Services; Family and Community Services; Women; Citizenship and Communities; Western New South Wales; and Sports and Recreation.
- (2) The name and portfolio groupings of the Committee may change to correspond with any changes made by the Government to the relevant portfolios.

Terms of reference

- (3) The Committee may examine, inquire into and report on the following matters concerning its portfolio areas:
 - (a) any matter referred to it by the House;
 - (b) any relevant policy, bill or subordinate legislation;
 - (c) any relevant financial matter; and
 - (d) any relevant portfolio issue.
- (4) Legislative scrutiny – The Committee, in this context, have a legislative scrutiny function that shall include evaluating the policy impact and consequences for each portfolio of any relevant bill introduced in Parliament, any existing legislation and any item of subordinate legislation.
- (5) Financial matters – The examination of financial matters by the Committee include the review of government financial management, by considering the financial documents, expenditure, performance and effectiveness of any relevant government department, agency, statutory body or state-owned corporation.

- (6) Examination of annual and other reports – The Committee may examine any matter in the annual report or other reports of any public body, including:
 - (a) the adequacy and accuracy of all financial and operational information;
 - (b) any matter arising from the annual report or other report concerning the efficient and effective achievement of the agency's objectives.
- (7) Public works – The Committee may consider any matter concerning public works relating to the portfolio area.

Initiation of inquiries

- (8) The Committee may be referred an inquiry by resolution of the House or in writing from a Minister.
- (9) Except in the case of bills, the Committee also may initiate an inquiry on its own motion and report on any proposal, matter or thing relevant to its functions, including an annual report, other report or petition. The committee can only consider a Bill on referral from the House, in accordance with Standing Order 323 (Legislation Committees).
- (10) The Committee take care not to duplicate an inquiry into any matters under examination by another portfolio or standing committee of the House, and any question arising in this connection may be referred to the House for determination.

Membership

- (11) The Committee consist of five members, comprising:
 - (a) three members supporting the Government (one of whom shall be the chair);
 - (b) two members not supporting the Government.
- (12) That the following members of the Legislative Assembly be appointed to serve on the Committee: Mr Kevin Anderson, Mr Kevin Conolly, Mr Tony Issa, Mrs Barbara Perry and Ms Anna Watson.

Sub-committees

- (13) The Committee have the power to appoint sub-committees, consisting of 3 members, and to refer to a sub-committee any of the matters which the Committee is empowered to consider. In this regard, the sub-committee may be responsible for conducting hearings, briefings, visits of inspections and other activities but cannot make decisions concerning the conduct of an inquiry, such as the selection of witnesses, and the Committee's reports.
- (14) The Committee and any sub-committee have power to send for persons and documents, to move from place to place, and to meet and transact business during the sittings or any adjournment of the House, and despite any prorogation of the Houses of Parliament.
- (15) A sub-committee have at least one member supporting the Government and one member not supporting the Government, and a quorum for a sub-committee shall be at least 2 members.

Visits of inspection

- (16) The Committee have leave to make visits of inspection within the State of New South Wales and other States and Territories of Australia.

2. Election of Chair and Deputy Chair

Pursuant to Standing Order 282—

Resolved, on the motion of Mr Issa, seconded by Mr Conolly:
That Mr Anderson be elected Chair of the committee.

Nominations for Deputy Chair being called:
Mr Conolly was nominated by Mr Issa, seconded by Mr Anderson; and
Mrs Perry was nominated by Ms Watson.

Mrs Perry withdrew her nomination.

Resolved, That Mr Conolly be elected Deputy Chair of the committee.

3. Introduction of Committee Staff

The Clerk-Assistant, Committees, introduced the Clerk-Assistant, Table, and the two Directors of Committee. He then described the administrative arrangements for supporting the committee.

4. Standard Procedural Motions

Resolved, on the motion (*in globo*) of Ms Watson, seconded by Mr Conolly:

1. That during any committee meeting, if a division or quorum is called in the Legislative Assembly, or either House in the case of joint committees, the proceedings of the committee shall be suspended until the committee regains its quorum at the conclusion of the division or quorum call.
2. That pursuant to Legislative Assembly Standing Order 297, draft reports, evidence, submissions or other documents presented to the committee which have not been reported to the House are not to be disclosed or published by any member or by any other person unless first authorised by the committee or the House.
3. That press statements on behalf of the committee be made only by the Chair after approval in principle by the committee or after consultation with committee members.
4. That the Chair and the nominated Committee Director be empowered to negotiate with the Speaker through the Clerk of the Legislative Assembly for the provision of funds to meet expenses in connection with advertising, operating and approved incidental expenses of the committee.
5. That persons having special knowledge of the matters under consideration by the committee may be invited to assist the committee, in accordance with the Legislative Assembly's policy on secondees or consultants.
6. That the Chair be empowered to advertise and/or write to interested parties requesting written submissions.
7. That arrangements for the calling of witnesses and visits of inspection be left in the hands of the Chair and the Inquiry Manager to the committee.
8. That, unless otherwise ordered, witnesses appearing before the committee shall not be formally represented by any member of the legal profession or other advocate.

9. That, unless otherwise ordered, when the committee is examining witnesses, the press and public (including witnesses after examination) be admitted to the hearing being conducted by the committee.
10. That, unless otherwise ordered, access to transcripts of evidence taken by the committee be determined by the Chair and not otherwise made available to any person, body or organisation: provided that witnesses previously examined shall be given a copy of their evidence; and that any evidence taken in camera or treated as confidential shall be checked by the witness in the presence of the Inquiry Manager to the committee or another officer of the committee.
11. That the Chair and the Inquiry Manager make arrangements for visits of inspection by the members nominated by the committee, which members are expected to participate in the full itinerary as scheduled.

5. Deliberation

Mr Anderson took the Chair and made his acknowledgements. Members discussed possible work of the committee and proposed that meetings be held each sitting fortnight.

The committee adjourned at 5.18 pm until a time and date to be determined.

MINUTES OF PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY COMMITTEE ON COMMUNITY SERVICES (NO. 2)

9.32 am, Wednesday, 24 August 2011
Room 1254, Parliament House

Members Present

Mr Anderson (Chair), Mr Conolly (Deputy Chair), Mr Issa, Mrs Perry and Ms Watson.

1. Confirmation of Minutes

Resolved, on the motion of Mr Issa, that the minutes of the deliberative meeting of 22 June be confirmed.

2. Correspondence

The Committee noted that the Chair had written to relevant portfolio Ministers introducing the Committee and its terms of reference and seeking advice in relation to portfolio matters that would benefit from the Committee's examination.

The Chair informed the Committee that he had received a reply from the Hon Kevin Humphries MP, Minister for Mental Health, Minister for Healthy Lifestyles and Minister for Western New South Wales.

The Committee endorsed the procedure that the Chair meets with relevant Ministers to discuss their responses and reports back on the substance of these discussions.

3. Forward Planning

The Committee deliberated on its program of activities and future meetings schedule.
Resolved, on the motion of Mr Conolly, seconded by Mrs Perry:

That the Committee writes to Government agencies for which it has portfolio responsibility to seek briefings, in order to gain a better understanding of current issues.

Resolved, on the motion of Mrs Perry, seconded by Ms Watson:

That the Committee meets as required, until an inquiry topic has been determined.'

As part of this arrangement, the Chair undertook to forward any relevant correspondence or material to Committee Members via email.

The Secretariat to confirm available dates for deliberative meetings and to seek dates for briefings from portfolio agencies.

4. General Business

The Chair informed the Committee that he had met informally with Ministers Goward and Constance.

The Chair thanked the staff for their efforts to date and in anticipation of work yet to be done. The Committee adjourned at 9.51am until a date and time to be determined.

MINUTES OF PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY COMMITTEE ON COMMUNITY SERVICES (NO. 7)

9.33 am, Wednesday, 22 February 2012

Room 1254, Parliament House

Members Present

Mr Anderson (Chair), Mr Conolly (Deputy Chair), Mr Issa, Mrs Perry and Ms Watson.

1. Confirmation of Minutes

Resolved, on the motion of Mr Issa that the minutes of the deliberative meeting conducted on 24 August 2011 and records of portfolio briefings conducted on 12 and 19 October and 9 and 23 November 2011 be confirmed.

6. Inquiry into Outsourcing Service Delivery

The Committee deliberated on proposed terms of reference for an inquiry into Outsourcing Housing, Disability and Home Care Service Delivery from the Government to the non-Government Sector.

COMMITTEE ON COMMUNITY SERVICES
EXTRACTS FROM MINUTES

Resolved, on the motion of Mr Issa:

'That the Committee adopts the inquiry with amended terms of reference.'

Resolved, on the motion of Mr Conolly:

'That the Inquiry be advertised calling for submissions by 27 April 2012.'

The Committee adjourned at 9.58am until 9.30am Wednesday, 14 March 2012.

**MINUTES OF PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY
COMMITTEE ON COMMUNITY SERVICES (NO. 8)**

9.30am, Wednesday, 4 April 2012

Room 1254, Parliament House

Members Present

Mr Anderson (Chair), Mr Conolly (Deputy Chair), Mr Issa, Mrs Perry and Ms Watson.

1. Confirmation of Minutes

Resolved, on the motion of Mr Issa that the minutes of the deliberative meeting conducted on 22 February 2012 be confirmed.

2. Outsourcing Government Community Service Delivery Inquiry

The Committee deliberated on the number of submissions received to date, queries received regarding the Inquiry, and a possible timeline for future public hearings.

The Committee was also provided with details of the investigation currently underway by the Independent Commission Against Corruption who are investigating the outsourcing of Government services to the non-Government sector.

The Committee requested that the Committee secretariat provide Members with copies of submissions as they are received.

The Committee adjourned at 9.44am until 9.30am Wednesday, 9 May 2012.

**MINUTES OF PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY
COMMITTEE ON COMMUNITY SERVICES (NO. 9)**

9.35am, Wednesday, 9 May 2012

Room 1254, Parliament House

3. Members Present

Mr Anderson (Chair), Mr Conolly (Deputy Chair), Mr Issa, Mrs Perry and Ms Watson.

1. Confirmation of Minutes

Resolved on the motion of Mr Conolly that the minutes of the deliberative meeting conducted on 4 April 2012 be confirmed.

2. Outsourcing Government Community Service Delivery Inquiry

The Committee noted that 79 submissions had been received.

Committee staff provided electronic copies of the submissions to Members and the Committee agreed to review the submissions before the next meeting.

The Committee deliberated on the importance of representative submissions from regional areas and discussed possible options to ensure that regional views would be adequately represented during the inquiry, including site visits to regional areas.

The Committee requested that the Committee secretariat provide Members with a list of recommended witnesses for public hearings prior to the next meeting.

3. General Business

Mrs Perry requested that Committee staff contact the organisation 'People With Disabilities' in order to confirm that the organisation was aware that it had an opportunity to provide a submission.

Mrs Perry also suggested that the Committee consider researching the approaches undertaken in other Australian jurisdictions regarding outsourcing government community service delivery.

The Committee discussed the possibility of holding hearings over two to three days in August or September.

The Committee adjourned at 9.52 am until 9.30 am Wednesday, 30 May 2012.

MINUTES OF PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY COMMITTEE ON COMMUNITY SERVICES (NO. 10)

9.34am, Wednesday, 20 June 2012

Room 1254, Parliament House

Members Present

Mr Anderson (Chair), Mr Conolly (Deputy Chair) and Ms Watson.

Apologies

Mr Issa and Mrs Perry

1. Confirmation of Minutes

Resolved, on the motion of Ms Watson, that the minutes of the deliberative meeting conducted on 9 May 2012 be confirmed.

7. Outsourcing Government Community Service Delivery Inquiry

Resolved, on the motion of Mr Conolly, that the Committee receives and authorises the publication of the following submissions: 1 and 2; 4 to 21; 23 to 46; and 48 to 82 and orders that they be placed on the Parliament's website.

Resolved, on the motion of Mr Conolly, that submissions 3, 22 and 47 be received as confidential submissions.

The Committee deliberated on the selection of sites for proposed inspections in metropolitan, regional and remote areas and potential witnesses to appear at public hearings.

Resolved, on the motion of Mr Conolly, that Committee Members consider the list of potential witnesses and provide recommendations to the Chair and to Committee staff, in order for the list of witnesses to appear at hearings to be finalised.

Resolved, on the motion of Mr Conolly, that the Committee conducts public hearings in connection with the Inquiry on 3, 10 and 17 September 2012.

Resolved, on the motion of Ms Watson, that following the completion of public hearings the Committee conducts site visits to Walgett, Wagga Wagga and to suburban areas of Sydney, in order to obtain further information relevant to the Inquiry.

The Committee adjourned at 9.55am until 9.30am Wednesday, 22 August 2012.

MINUTES OF PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY COMMITTEE ON COMMUNITY SERVICES (NO. 11)

9.47am, Wednesday, 22 August 2012
Room 1254, Parliament House

Members Present

Mr Anderson (Chair), Mr Conolly (Deputy Chair), Mrs Perry and Ms Watson.

Apologies

Mr Issa

1. Confirmation of Minutes

Resolved, on the motion of Mr Conolly, that the minutes of the deliberative meeting conducted on 20 June 2012 be confirmed.

2. Outsourcing Government Community Service Delivery Inquiry

Resolved, on the motion of Mr Conolly, that the Committee receives and authorises the publication of submission number 83 from Southern Youth and Family Services and orders that it be placed on the Parliament's website.

Resolved, on the motion of Mrs Perry, that the Committee notes the correspondence received from Wentworth Community Housing and orders that an appropriate response be prepared for the Chair's signature.

The Committee deliberated on the submissions received by the Committee and on the witnesses appearing at the public hearing scheduled for 3 September 2012. Discussion ensued.

The Committee adjourned at 9.57am until 9.30am Monday, 3 September 2012.

MINUTES OF PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY COMMITTEE ON COMMUNITY SERVICES (NO. 12)

9.30am, Monday 3 September 2012
Waratah Room, Parliament House

Members Present

Mr Anderson (Chair), Mr Conolly, Mrs Perry, Ms Watson

Apologies

Mr Issa

Outsourcing Government Service Delivery - Public Hearing

Resolved, on the motion of Mrs Perry, that representatives of the media be allowed to record and broadcast the proceedings of the public hearing.

The Committee commenced its hearing at 9.30am. The public was admitted.

NSW Government

Mr James Moore, Director General, Department of Family and Community Services; Ms Maree Walk, Chief Executive, Community Services; Ms Leonie King, Executive Director, Community Housing, Housing NSW; Ms Samantha Taylor, Executive Director, Service Development, Ageing, Disability and Home Care; Ms Carmen Parter, Director, Centre for Aboriginal Health; and Mr Jason Ardler, General Manager, Aboriginal Affairs NSW were affirmed and examined. Mr James Longley, Chief Executive, Ageing, Disability and Home Care; and Dr Rohan Hammett, Deputy Director General, Strategy and Resources, NSW Health, were sworn and examined.

Evidence completed, the witnesses withdrew.

Local Government and Shires Associations of NSW

COMMITTEE ON COMMUNITY SERVICES
EXTRACTS FROM MINUTES

Cr Adam John Marshall, Vice-President, Shires Associations of NSW, was sworn and examined.
Ms Margaret Alexandra Kay, Senior Policy Officer, Ageing and Disability, Local Government and Shires Associations of NSW, was affirmed and examined.

The public hearing was adjourned at 12.30pm.

The Committee recommenced its hearing at 1.58pm. The public was admitted.

Network of Alcohol and other Drug Agencies

Mr Larry John Pierce, Chief Executive Officer, Network of Alcohol and other Drug Agencies, was affirmed and examined.

Evidence completed, the witness withdrew.

ANGLICARE Sydney

Mr Grant William Millard, Chief Executive Officer, ANGLICARE Sydney; and Dr Ian Stafford Jackson, Director of Community Care, ANGLICARE Sydney, were sworn and examined.

Evidence completed, the witnesses withdrew.

NSW Federation of Housing Associations

Mr Adam Farrar, Executive Director, NSW Federation of Housing Associations; and Ms Maja Frolich, Policy Officer, NSW Federation of Housing Associations, were affirmed and examined.

Evidence completed, the witnesses withdrew.

Mission Australia

Ms Eleri Morgan-Thomas, General Manager, Mission Australia, was affirmed and examined.

Mr Andrew McAnulty, Chief Executive Officer, Mission Australia Housing, was sworn and examined. Evidence completed, the witnesses withdrew.

Calvary Silver Circle

Ms Libby Saunders, Chief Executive Officer, Calvary Silver Circle; and Ms Helen Douglas, Director of Operations, Calvary Silver Circle, were sworn and examined. Evidence completed, the witnesses withdrew.

Publication of Evidence

Resolved, on the motion of Mr Conolly, that the Committee authorise to publish the transcript of the evidence taken today on the Committee's website, after making corrections for recording inaccuracy, together with the answers to any questions taken on notice in the course of today's hearing.

Adjournment.

The Committee adjourned at 4.35pm until 10.15am on Monday, 17 September 2012 at the Macquarie Room, Parliament House, Sydney.

**MINUTES OF PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY
COMMITTEE ON COMMUNITY SERVICES (NO. 13)**

9.45am, Monday 10 September 2012
Macquarie Room, Parliament House

Members Present

Mr Anderson (Chair), Mr Conolly, Mrs Perry

Apologies

Mr Issa, Ms Watson

Outsourcing Government Service Delivery - Public Hearing

Resolved, on the motion of Mrs Perry, that student representatives from the University of Technology, Sydney be allowed to record the proceedings of the public hearing. The Committee commenced its hearing at 9.45am. The public was admitted.

Northcott Disability Services

Ms Kerry Jan Stubbs, Chief Executive Officer, Northcott Disability Services, was sworn and examined. Ms Elizabeth Mary Forsyth, Sector and Business Development Manager, Northcote Disability

Services, was affirmed and examined. Evidence completed, the witnesses withdrew.

Ms Tracy McMillan, private citizen, was sworn and examined. Evidence completed, the witness withdrew.

Ms Lyn Clinckett, private citizen; and Mr George Andrew Ryan, private citizen, were affirmed and examined.

Evidence completed, the witnesses withdrew.

Southern Community Core Development Inc

Ms Melinda Paterson, Sutherland Shire HACC Development Officer, Southern Community Care Development Inc; and Ms Roslyn Morton, Manager, Sutherland Shire Community Transport, were affirmed and examined.

Evidence completed, the witnesses withdrew.

The public hearing was adjourned at 12.30pm.

The Committee recommenced its hearing at 1.30pm. The public was admitted.

Homelessness NSW

Mr Garry Moore, Chief Executive Officer, Homelessness NSW; and Mr Digby Hughes, Policy and Project Officer, Homelessness NSW, were affirmed and examined. Evidence completed, the witnesses withdrew.

COMMITTEE ON COMMUNITY SERVICES
EXTRACTS FROM MINUTES

Council of Social Service of NSW (NCOSS)

Ms Alison Peters, Director, Council of Social Service of NSW (NCOSS), was affirmed and examined. Evidence completed, the witness withdrew.

Publication of Evidence

Resolved, on the motion of Ms Watson, that the Committee authorise to publish the transcript of the evidence taken today on the Committee's website, after making corrections for recording inaccuracy, together with the answers to any questions taken on notice in the course of today's hearing.

Adjournment

The Committee adjourned at 4.03pm until 9.45am on Monday, 10 September 2012 at the Macquarie Room, Parliament House, Sydney.

MINUTES OF PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY COMMITTEE ON COMMUNITY SERVICES (NO. 14)

10.15am, Monday 17 September 2012
Macquarie Room, Parliament House

Members Present

Mr Anderson (Chair), Mr Conolly, Mr Issa, Mrs Perry, Ms Watson

Outsourcing Government Service Delivery - Public Hearing

The Committee commenced its hearing at 10.15am. The public was admitted.

Centacare NENW

Mr Fergus Fitzsimons, Chief Executive Officer, Centacare NENW; and Mr Christopher Norris, Business Development Manager, Centacare NENW, were sworn and examined.

Evidence completed, the witnesses withdrew.

Attendant Care Industry Association

Mr Michael Peter Bleasdale, Executive Director, Attendant Care Industry Association, was affirmed and examined.

Evidence completed, the witness withdrew.

United Services Union

Ms Casey Suzanne Young, Senior Industrial Officer, United Services Union, was sworn and examined. Ms Lynette Fraser, Research Officer, United Services Union, was affirmed and examined.

The public hearing was adjourned at 12.15pm.

Deliberative Meeting

1. Confirmation of Minutes

Resolved, on the motion of Mrs Perry, that the minutes of the deliberative meeting conducted on 22 August 2012 and the public hearings conducted on 3 September and 10 September 2012 be confirmed.

2. Conduct of Inquiry

The Committee deliberated on the future of the Inquiry and the conduct of a further public hearing at a date to be determined.

Resolved, on the motion of Ms Watson that the Committee reconvene to discuss future directions and further arrangements for hearings and inspections at its next private meeting on 22 October 2012.

The Committee adjourned at 12:36pm.

The Committee recommenced its hearing at 1.30pm. The public was admitted.

NSW Home Modification and Maintenance Services State Council

Ms Shalla Thomas, Chairperson, NSW Home Modification and Maintenance Services State Council; and Mr Stephen Robert Malvern, Vice-Chairperson, NSW Home Modification and Maintenance Services State Council, were sworn and examined.

Mrs Andrea Maureen Thomas, Treasurer, NSW Home Modification and Maintenance Services State Council; and Ms Anne Reeve, Councillor, NSW Home Modification and Maintenance Services State Council, were affirmed and examined.

Evidence completed, the witnesses withdrew.

Illawarra Forum Inc

Ms Nicola Louise Sloan, Executive Officer, Illawarra Forum Inc; and Ms Helen McGuire, Information Officer, Illawarra Forum Inc, were affirmed and examined.

Evidence completed, the witnesses withdrew.

National Disability Services NSW

Mr Scott Raymond Holz, State Director, National Disability Services NSW; Mr Richard Charles Hawkins, Policy Manager, National Disability Services NSW; and Ms Deborah Sazdanoff, Senior Project Manager, National Disability Services NSW, were affirmed and examined.

Evidence completed, the witnesses withdrew.

Salvation Army Aged Care Plus

COMMITTEE ON COMMUNITY SERVICES
EXTRACTS FROM MINUTES

Ms Sharon Callister, Chief Executive Officer, Salvation Army Aged Care Plus; and Ms Nicola Francis Rosenthal, Community Services and Business Development Manager, Salvation Army Aged Care Plus, were sworn and examined.

Publication of Evidence

Resolved, on the motion of Mr Conolly, that the Committee authorise to publish the transcript of the evidence taken today on the Committee's website, after making corrections for recording inaccuracy, together with the answers to any questions taken on notice in the course of today's hearing.

Adjournment

The Committee adjourned at 4.13pm until 3.00pm on Monday, 22 October 2012 at Parliament House, Sydney.

**MINUTES OF PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY
COMMITTEE ON COMMUNITY SERVICES (NO 15 - INSPECTIONS)**

10.00am, Monday 12 November 2012

Mt DrUITT, Parklea, Beaumont Hills, Summer Hill and Surry Hills

Members Present

Mr Anderson (Chair), Mr Conolly, Mr Issa, Mrs Perry

Apologies

Ms Watson

1. Visit of Inspection – Anglicare Community Care Centre, Mt DrUITT

The Committee received a briefing and conducted an inspection of the facility, led by:

- Ms Alice Wheatley, Regional Manager, Anglicare.

2. Visits of Inspection – Sunshine Residential Care Centre, Parklea and Sunshine Day Care Centre, Beaumont Hills

The Committee received briefings and conducted inspections of a residential care centre at Parklea and a day care centre at Beaumont Hills, led by:

- Ms Gail Jeltés, General Manager, Corporate Relations, Sunshine.

The Committee also spoke with clients of Sunshine day care services at Beaumont Hills.

Deliberative Meeting

The Committee commenced its deliberative meeting at 12:46pm.

Confirmation of Minutes

Resolved, on the motion of Mr Issa, that the minutes of the deliberative meeting and public hearing conducted on 17 September 2012 be confirmed.

2. Conduct of Inquiry

The Committee deliberated on the progress of the Inquiry and the conduct of a further public hearing. Discussion ensued.

Resolved, on the motion of Mr Conolly, to hold a further public hearing on 2 April 2013.

Resolved, on the motion of Mrs Perry, to hold conduct further inspections at Walgett at a date to be determined.

The Committee adjourned the deliberative meeting at 1:05pm.

The Committee recommenced its visits of inspection at 2:00pm.

Visit of Inspection – Anglicare Inner West Community Hub, Summer Hill

The Committee received a briefing and conducted an inspection of the facility, led by:

- Ms Jill Wrathall, Regional Manager, Anglicare.

8. Visit of Inspection – Salvation Army Crisis Accommodation Centres, Surry Hills

The Committee received a briefing and conducted an inspection of the facilities, led by:

- Major Raewyn Grigg, Director of Services, The Salvation Army.

The Committee adjourned at 4:15pm until 9:30am, Wednesday 27 February 2013

MINUTES OF PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY COMMITTEE ON COMMUNITY SERVICES (NO. 16)

9.31 am, Wednesday, 27 February 2013

Room 1254, Parliament House

Members Present

Mr Anderson (Chair), Mr Conolly (Deputy Chair), Mr Issa.

Officers in Attendance

Bjarne Nordin and Jacqueline Isles

Apologies

Mrs Perry and Ms Watson

1. Confirmation of Minutes

Resolved, on the motion of Mr Issa, that the minutes of the visit of inspection and deliberative meeting conducted on Monday 12 November 2012 be confirmed.

2. Outsourcing Government Community Service Delivery Inquiry

Update on visit of inspection on 11 March 2013

Committee Members noted the flight schedule for the visit to Narrabri on Monday, 11 March 2013. The Chair agreed with the draft program. The Committee was advised that the final program, together with profiles of each of the stakeholder organisations to be visited, would be emailed to Members in the near future. Members noted that the service providers to be visited included a government service provider.

Members noted that an invitation had been sent to the Hon Kevin Humphries MP, Member for Barwon and he had advised that he would not be able to be in attendance during the visit of inspection.

Update on public hearing on 2 April 2013

Committee Members considered the draft program for the public hearing and noted that it included witnesses from previous hearings as well as some new stakeholders including ICAC, the NSW Ombudsman and Professor Peter Shergold AC, Chancellor of the University of Western Sydney. Members agreed with the draft program and the Chair thanked the staff for their efforts.

The Committee deliberated on questions for stakeholders including their capacity to provide service guarantees, audits and complaints-handling mechanisms in addition to providing support services. The Chair noted that Multitask Human Resource Foundation Ltd was an example of a service provider which had been able to ensure continuity of service following the collapse of a previous provider. He advised that the Chief Executive Officer had agreed to provide some background information to the Committee. Discussion ensued.

3. General Business

The Chair advised that he had asked Committee staff to make enquiries about progress with outsourcing arrangements in Victoria. He noted that Victoria has not advanced beyond a preliminary stage of assessment and seemed to be at the same stage of development as NSW.

The Committee adjourned at 9.42 am until the visit of inspection to Narrabri and Walgett on Monday, 11 March 2013.

MINUTES OF PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY COMMITTEE ON COMMUNITY SERVICES (NO 17 - INSPECTIONS)

10.30am, Monday 11 March 2013
Walgett and Narrabri

Members Present

Mr Anderson (Chair), Mr Conolly, Mrs Perry

Apologies

Mr Issa, Ms Watson

1. Visit of Inspection – Centacare NENW, Walgett

The Committee received a briefing and conducted discussions with staff, led by:

- Mr David Holzgal, Acting CEO.

2. Visit of Inspection – McKillop Rural Community Services, Walgett

The Committee received briefings and conducted discussions with staff, led by:

- Ms Rhonda Gleeson, CEO.

The Committee also spoke with clients of the services.

3. Visit of Inspection – Narrabri and District Community Aid Service

The Committee received a briefing and conducted discussions with staff, led by:

- Ms Judy Simmonds, Manager.

4. Visit of Inspection – Ageing, Disability and Home Care

The Committee received a briefing and conducted discussions with the Narrabri Home Care Team, led by:

- Ms Deborah Missingham, Senior Manager, Access.

The Committee also spoke with parents of clients of the services.

The Committee adjourned at 5.00pm until 9:30am, Wednesday 20 March 2013.

MINUTES OF PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY COMMITTEE ON COMMUNITY SERVICES (NO. 18)

9.35 am, Wednesday, 20 March 2013
Room 1254, Parliament House

Members Present

Mr Anderson (Chair), Mr Conolly (Deputy Chair), Mr Issa, Ms Watson.

Officers in Attendance

Abigail Groves, Bjarne Nordin, Jacqueline Isles.

Apologies

Mrs Perry

1. Confirmation of Minutes

Resolved, on the motion of Mr Conolly, that the minutes of meetings conducted on 27 February and 11 March 2013 be confirmed.

2. Outsourcing Government Community Service Delivery Inquiry

Update on Public Hearing 2 April 2013

The Chair urged Members to attend the public hearing and noted that a key witness would be Professor Peter Shergold AC, Chancellor, University of Western Sydney.

The Inquiry Manager advised that the NSW Ombudsman, Mr Bruce Barbour will be represented by Mr Steve Kinmond, Deputy Ombudsman, Community and Disability Services Commissioner. Members were also advised that witness questions will be circulated in the following week.

3. General Business

The Chair thanked the staff for their efforts arranging the visit of inspection to Narrabri and Walgett on Monday, 11 March 2013.

The Committee adjourned at 9.41 am until the public hearing on Tuesday 2 April 2012 at 9.00 a.m.

MINUTES OF PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY COMMITTEE ON COMMUNITY SERVICES (NO. 19)

Tuesday 2 April 2013

9.00 am, Macquarie Room, Parliament House

Members Present

Mr Anderson (Chair), Mr Conolly (Deputy Chair), Mr Issa, Mrs Perry

Officers in Attendance

Bjarne Nordin, Jacqueline Isles, Sasha Shevtsova.

Apologies

Ms Watson

1. Public Hearing –Inquiry into Outsourcing Community Service Delivery

At 9.08 am, the Chair declared the public hearing open and the witnesses and the public were admitted.

Department of Family and Community Services

Ms Jacqueline Maree Walk, Chief Executive Community Services and Mr James Cameron Moore, Director General, Department of Family and Community Services were affirmed and examined.

Evidence concluded, the witnesses withdrew.

Ms Leonie King, Executive Director, Community and Private Market Housing Directorate, Department of Family and Community Services, was affirmed and examined.

Evidence concluded, the witness withdrew.

Ms Samantha Jane Taylor, Deputy Chief Executive, Ageing Disability and Home Care, Department of Family and Community Services was affirmed and examined. Mr James Alan Longley, Chief Executive, Ageing, Disability and Home Care, Department of Family and Community Services was sworn and examined.

Evidence concluded, the witnesses withdrew.

Ministry of Health

Ms Carmen Dorothy Parter, Director, Centre for Aboriginal Health, NSW Ministry of Health, was affirmed and examined. Dr Rohan John Hungerford Hammett, Deputy Director General, Strategy and Resources, NSW Ministry of Health, was sworn and examined.

Evidence concluded, the witnesses withdrew.

Department of Education and Communities

Mr Jason Ardler, General Manager, Aboriginal Affairs NSW, Department of Education and Communities was affirmed and examined.

Evidence concluded, the witness withdrew.

The Committee adjourned at 12.45pm.

The Committee recommended the hearing at 1.35pm.

Independent Commission Against Corruption

Dr Robert Waldersee, Executive Director, Corruption Prevention Division, Independent Commission Against Corruption, and Dr Benjamin Robert Marx, Senior Research and Prevention Officer, Independent Commission Against Corruption were affirmed and examined.

Evidence concluded, the witnesses withdrew.

NSW Ombudsman

Mr Steven John Kinmond, Deputy Ombudsman, Community and Disability Services, NSW Ombudsman, was affirmed and examined.

Evidence concluded, the witness withdrew.

Professor Peter Roger Shergold AC, private citizen, was affirmed and examined.

Evidence concluded, the witness withdrew.

2. Publication of Evidence

Resolved on the motion of Mrs Perry:

'That the Committee publish the transcript of the evidence taken today on the Committee's website, after making corrections for recording inaccuracy, together with the answers to any questions taken on notice in the course of today's hearing.'

3. Adjournment

The Committee adjourned at 4.06 pm until 9.30am Wednesday, 1 May 2013 at Parliament House, Sydney.

Minutes of Proceedings of the Legislative Assembly Committee on Community Services (no. 20)

Wednesday 1 May 2013

9.37 am, Room 1254, Parliament House

Members Present

Mr Anderson (Chair), Mr Conolly (Deputy Chair), Ms Watson.

Apologies

Mr Issa, Mrs Perry.

1. Confirmation of Minutes

Resolved, on the motion of Mr Conolly that the minutes of meetings, conducted on 20 March and 2 April 2013 be confirmed.

2. Inquiry into Outsourcing Government Community Service Delivery

The Committee considered the draft report outline previously distributed by email.

Committee Members agreed to:

- review the transcript of evidence and send any suggestions for recommendations to the secretariat as soon as possible;
- defer any further deliberative meetings until the draft report is further advanced;
- authorise the Chair to liaise with the Inquiry Manager regarding the drafting of the report.

The Chair advised that he would meet with Mr Nordin at a later date to progress the drafting of the report.

3. General Business

There being no general business, the Committee adjourned at 9.43 a.m. until a date to be fixed.

Minutes of Proceedings of the Legislative Assembly Committee on Community Services (no. 21)

Tuesday 23 July 2013

10:00 am, Room 1254, Parliament House

Members Present

Mr Anderson (Chair), Mr Conolly (Deputy Chair), Mr Issa, Ms Watson.

Apology

An apology was received from Mrs Perry.

1. Confirmation of Minutes

Resolved, on the motion of Ms Watson, that the minutes of the meeting conducted on 1 May 2013 be confirmed.

2. Inquiry into Outsourcing Community Service Delivery – Consideration of Draft Interim Report

The Committee agreed to consider the draft interim report, previously distributed by email, recommendation by recommendation.

Resolved, on the motion of Mr Conolly, that Recommendation 1 be agreed to.

Resolved, on the motion of Mr Issa, that Recommendation 2 be agreed to.

Resolved, on the motion of Ms Watson, that Recommendations 3 and 4 be amended by omitting the word “tender” and inserting the word “application”.

Resolved, on the motion of Mr Conolly, that Recommendations 3 and 4, as amended, be agreed to.

Resolved, on the motion of Mr Conolly, that Recommendation 5 be amended by omitting the words “tender specifications and contracts” and inserting the words “specifications, contracts and applications”.

Resolved, on the motion of Ms Watson, that Recommendation 5, as amended, be agreed to.

Resolved, on the motion of Ms Watson, that recommendation 6 be amended by omitting the word “non-government”, omitting the word “tenders” and inserting the word “applications”, and omitting the words “adequate coverage” and inserting the words “optimal service delivery”.

Resolved, on the motion of Mr Conolly, seconded by Ms Watson, that the Committee adopts the draft interim report, as amended and signed by the Chair for presentation to the House and authorises the Secretariat to make appropriate final editing and stylistic changes, as required.

3. General Business

There being no general business, the Committee adjourned at 10.20 a.m. until a date to be fixed.

Minutes of Proceedings of the Legislative Assembly Committee on Community Services (no. 22)

Wednesday 30 October 2013

10:00 am, Room 1136, Parliament House

Members Present

Mr Anderson (Chair), Mr Conolly (Deputy Chair), Mr Issa, Mrs Perry, Ms Watson.

4. Confirmation of Minutes

Resolved, on the motion of Mr Conolly, that the minutes of the meeting conducted on 23 July 2013 be confirmed.

5. Inquiry into Outsourcing Community Service Delivery – Consideration of Chair’s Final Report

The Committee agreed to consider the Chair’s Final Report, previously distributed by email, recommendation by recommendation.

Resolved, on the motion of Mr Conolly, that Recommendation 1 be agreed to.

Resolved, on the motion of Mr Conolly, that Recommendation 2 be agreed to.

Resolved, on the motion of Ms Watson, that Recommendation 3 be agreed to.

Resolved on the motion of Mrs Perry that an additional recommendation be inserted into the Report: “The Committee recommends that the Department of Family and Community Services investigates the implementation of a risk based approach to monitor and review community service organisations working with highly vulnerable clients at risk of institutional abuse. The monitoring and review process should include periodic unannounced inspections and review of organisational performance, the frequency of which should be based on the level of perceived risk, particularly focused on out of home care services for young children.”

Resolved, on the motion of Mr Issa, that Recommendation 4 be agreed to.

Resolved, on the motion of Mr Issa, that Recommendation 5 be agreed to.

Resolved, on the motion of Ms Watson, that Recommendation 6 be agreed to.

Resolved, on the motion of Ms Watson, that Recommendation 7 be agreed to.

Resolved, on the motion of Mr Issa, that Recommendation 8 be agreed to.

Resolved, on the motion of Mr Issa, that Recommendation 9 be agreed to.

Resolved, on the motion of Ms Watson, that Recommendation 10 be agreed to.

Resolved, on the motion of Mr Conolly, that Recommendation 11 be agreed to.

Resolved, on the motion of Ms Watson, that Recommendation 12 be agreed to.

Resolved on the motion of Mr Conolly that Recommendation 13 be amended by inserting the words “and timely” after the word “prompt”.

Resolved, on the motion of Ms Watson, that Recommendation 14 be agreed to.

Resolved, on the motion of Ms Watson, that Recommendation 15 be agreed to.

Resolved, on the motion of Mr Conolly, that Recommendation 16 be agreed to.

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Recommendation 17 proposed.

Upon which Ms Watson moved that Recommendation 17 be amended by adding the following words to the existing recommendation “That industrial referral agreements to be signed by the parties to ensure that the existing industrial agreement in its entirety to be part of the transmission of business. Furthermore that this referral is to be ratified by the Industrial Relations Commission of NSW. These referral agreements to have a life of five years. The award increases that will apply will be that of the industrial instrument or that of another instrument which is even higher. This will ensure that the guarantee that no employee will be worse off will be protected by the Commission”.

Discussion ensued.

Question put – that the amendment be agreed to.

The Committee divided.

Ayes 2 [Mrs Perry and Ms Watson] Noes 3 [Mr Anderson, Mr Conolly, Mr Issa].

The amendment was negatived.

Mr Conolly moved that Recommendation 17 be agreed to without amendment.

The Committee divided.

Ayes 3 [Mr Anderson, Mr Conolly, Mr Issa] Noes 2 [Mrs Perry and Ms Watson].

Motion agreed to.

Resolved, on the motion of Mr Issa, that Recommendation 18 be agreed to.

Resolved, on the motion of Mr Issa, that Recommendation 19 be agreed to.

Resolved on the motion of Mrs Perry that Recommendation 20 be amended by omitting the word “promotes” and inserting instead the word “consider” and by inserting the words “if any” after the word “potential”.

Resolved, on the motion of Mr Issa, that Recommendation 21 be agreed to.

Resolved, on the motion of Ms Watson, that Recommendation 22 be agreed to.

Resolved, on the motion of Mr Issa, that Recommendation 23 be agreed to.

Resolved on the motion of Mrs Perry that Recommendation 24 be amended by omitting the words “such as the Mission Australia Community Services Information System”, “in the NSW community housing sector” and “such as the information technology system used by the disability sector in Victoria” and by inserting the words “as identified to the Committee” after the words “existing systems”.

Resolved, on the motion of Mr Conolly that the Committee adopts the Final Report into Outsourcing Community Service Delivery, as amended and signed by the Chair for presentation to the House and authorises the Secretariat to make appropriate final editing and stylistic changes, as required.

6. General Business

There being no general business, the Committee adjourned at 10.45 a.m. until a date to be fixed.